

Comprehensive Annual Financial Report
of
CLEARFIELD CITY CORPORATION
Clearfield, Utah

For the Year Ended June 30, 2006

Christopher Hillman, City Manager
Robert Wylie, Financial Director
Steven M. Guy, City Treasurer

Clearfield City Corporation

Table of Contents

For the Year Ended June 30, 2006

I. INTRODUCTORY SECTION

Letter of Transmittal	5
GFOA Certificate of Achievement	13
City Officials	14
Organization Chart	15

II. FINANCIAL SECTION

Independent Auditor's Report	17
Management's Discussion and Analysis	19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	32
Statement of Activities	34
Fund Financial Statements:	
Balance Sheet- Governmental Funds	36
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	38
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	42
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:	
General Fund	43
Community Development Renewal Agency Fund	49
Statement of Net Assets- Proprietary Funds	50
Statement of Revenues, Expenditures, and Changes in Fund Net Assets- Proprietary Funds	51
Statement of Cash Flow- Proprietary Funds	52
Statement of Fiduciary Net Assets- Fiduciary Fund	53
Notes to Financial Statements	54

Clearfield City Corporation

Table of Contents

For the Year Ended June 30, 2006

Supplemental Information:

Schedule of Revenues, Expenditures, and Changes in Fund

Balances- Budget to Actual:

Facilities Development Fund 83

Capital Projects Fund 84

Combining Balance Sheet- Nonmajor Governmental Funds 85

Combining Statement of Revenues, Expenditures, and

Changes in Fund Balances- Nonmajor Governmental Funds 86

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds - By Component 87

Statement of Changes in Fiduciary Net Assets 88

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget to Actual:

Municipal Building Authority Fund 89

G.O. Bond 90

Parks Fund 91

Cemetery Perpetual Care Fund 92

Capital Assets Used in the Operation of Governmental Funds:

Schedule of General Fixed Assets - By Source 94

Schedule of General Fixed Assets - By Function and Activity 95

Schedule of Changes in General Fixed Assets - By Function and Activity 96

Schedule of Impact Fees 97

III. STATISTICAL SECTION

Net Assets by Component 101

Changes in Net Assets 102

Governmental Activities Tax Revenue by Source - accrual 104

Fund Balances of Governmental Funds 105

Changes in Fund Balances of Governmental Funds 106

Governmental Activities Tax Revenue by Source - modified accrual 107

Taxable and Estimated Actual Value of Taxable Property 108

Property Tax Rates - Direct and Overlapping Governments 109

Principal Taxpayers 110

Property Tax Levies and Collections 111

Ratios of Outstanding Debt by Type 112

Ratio of Net General Bonded Debt 113

Direct and Overlapping Governmental Activities Debt 114

Legal Debt Margin Information 115

Revenue Bond Coverage 116

Demographic and Economic Statistics 117

Clearfield City Corporation

Table of Contents

For the Year Ended June 30, 2006

Principal Employers	118
Full-time Equivalent City Government Employees By Function	119
Operating Indicators by Function	120
Capital Assets Statistics by Function	121

IV. OTHER REPORTS

Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit Of Financial Statements Performed in Accordance with Government Auditing Standards	123
State Legal Compliance Report	125
State Legal Compliance - Schedule of Findings	127

INTRODUCTORY SECTION



Finance Department

Clearfield City

November 3, 2006

To the Honorable Mayor, Members of the City Council,
and the Citizens of Clearfield City

It is my pleasure to present the 2006 Comprehensive Annual Financial Report (CAFR) of Clearfield City for the fiscal year ended June 30, 2006.

This report is formatted to comply with the Governmental Accounting Standards Board (GASB) Statement 34. Additionally, State law requires that all local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting principals (GAAP) and audited in accordance with Government Auditing Standards by a firm of licensed certified public accountants. This CAFR is hereby issued and submitted to you for the fiscal year ended June 30, 2006, in accordance with these requirements.

The government-wide financial statements include a Statement of Net Assets that provide the total net assets of the City including all capital assets with the exception of infrastructure costs incurred prior to the current year and the Statement of Activities that shows the cost of providing government services.

This report is published to provide the Clearfield City Council, staff, citizens, the State of Utah and other interested groups, including investors and creditors, and grantor agencies, with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City Management.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Other Reports Section.

- 1) The Introductory Section contains a list of principal officials, this transmittal letter, and an organizational chart of the City.
- 2) The Financial Section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the general purpose financial statements and footnotes; the individual, combining, financial statements.
- 3) The Statistical Report Section presents financial and demographic information to assist the financial statements reader in obtaining an understanding of the City's financial status, trends and socioeconomic culture.
- 4) The Other Reports Section includes additional independent auditors reports, as required by Governmental Audit Standards, and by the State of Utah.

GENERAL INFORMATION

History and Background

Clearfield originally incorporated on July 17, 1922. The first elementary school opened in 1907. The North Davis Jr. High School was built and opened in September 1939, and in 1960, Clearfield High became the first high school in northern Davis County.

Bordering the east side of Clearfield City is Hill Air Force Base (HAFB). The Base was established in 1941 when World War II broke out. Less than a year later, Army and Navy engineers chose Clearfield as the site for the largest U.S. Naval Supply Depot. The Supply Depot was built in 1942, creating jobs that drew people from as far away as Idaho. In 1963 the Clearfield Naval Supply Depot became what is known as the Freeport Center.

After the military installations were established, Clearfield's population grew rapidly. Government sponsored housing projects developed. Roads, culinary water reservoirs, water and sewer lines, sidewalks, and curb and gutters were installed to meet the needs of the new citizens.

Clearfield is one of two sites in Utah where the Management Training Corporation is located. Also known as Clearfield Job Corp it was established in 1966 to provide training to "at risk" youth, to equip them with skills to enter the workforce and to prepare them to interact socially. It currently houses and provides training for young people from every state in the U.S. and over 20 countries.

Location and Transportation

Clearfield City is the third largest city in Davis County. The City encompasses 7.66 square miles and is approximately 91% developed. Located in Northern Utah, Clearfield is 38 miles north of Salt Lake City. Clearfield City is easily accessible by Interstate 15, which runs North and South the City. The Salt Lake International Airport can be reached within 35 minutes and the Utah Transit Authority (UTA) provides daily mass transit service throughout the City and along the Wasatch Front.

ORGANIZATION

Clearfield is a City of the fourth class, (population between 10,000 and 30,000), operating under the Council-Manager form of government by ordinance. The legislative body is comprised of five council members and the Mayor, who establishes policy and procedure for the administration, organization, operation, conduct and business of the City. They approve, adopt, and amend the budget. They are assisted by the City Manager who is appointed by the Mayor and approved by the City Council, and is responsible for implementing City policy and overseeing the day-to-day management of the City.

The Mayor and Council members are elected at large to serve four-year terms. Elections, which are held every two years, are staggered to help facilitate the continuity of the City Council.

The Combined Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board. Based on these criteria, no other governmental organizations are included in this report.

SERVICES

Public Safety:

- Police
- Protective Inspection
- Emergency 911

Legislative and Administrative Services:

- Accounting, Budgeting, Investments
- Justice Court
- Human Resources
- Information Technology
- Planning and Zoning
- Records Management

Highways and Streets:

- Street Improvements
- Equipment and Vehicle Maintenance

Community Services:

- Indoor/Outdoor Programs for Youth and Adults year round
- Amphitheater
- Parks, Bowery rentals for parties, reunions and picnics
- Tennis Courts, Basketball Courts, Softball and Baseball Fields
- Cemetery
- Indoor Community Recreational Center

Major services provided under the Enterprise Fund include the Following:

Utility Administrative Services:

- Billing
- Collections
- Customer Service
- Meter Reading

Water and Sewer:

- Well Maintenance
- Line Maintenance
- Line Upgrade and Installation

Waste Collection:

- Providing garbage cans
- Pick-up Service, contracted through Waste Management

ECONOMIC CONDITION AND OUTLOOK

The Utah Transit Authority is constructing a 44 mile commuter rail line between Salt Lake City and North Weber County in Northern Utah. Clearfield City has been selected by the UTA to house a commuter rail hub station. It is anticipated that over 5,000 riders a day will use this system. Clearfield City is looking at various proposals on creating a Transit Oriented Development (TOD) which will accommodate retail, housing and Class A office space. UTA is anticipating that trains will begin to run on this line in the spring of 2008.

Development has also continued at Legend Hills Business Park. The University of Phoenix is completing a new building which will house their northern Utah campus. Also PerformAX gym opened their new 32,400 square foot gym in March 2006. In fiscal year 2006 over 320 building permits were issued in the city.

MAJOR INITIATIVES

Parks and Recreation - Fiscal 2006 was the first full year of operation for the Clearfield Aquatic Center. The Aquatic Center is over a 53,000 square foot facility which includes a six lane competition lap pool along with a play pool and a 30 foot high slide, a current channel and interactive water toy. In 2006 the outdoor wading and splash pad was completed and opened for use. The facility also includes an aerobic / cardio workout center with state of the art equipment. This new facility serves the citizens of Clearfield along with the neighboring communities.

Adjacent to the Clearfield Aquatic Center is Fisher Park. The park has four baseball diamonds, two soccer fields, outdoor basketball courts, a playground, and a concession/restroom building. Clearfield City also opened their new skateboard park which has two "bowls".

Phase II of Barlow Park was completed in the spring of 2006. This phase included a new pavilion with restrooms, a basketball court, playground facilities and a soccer / football field. The City currently has 12 developed parks totaling 100 acres.

Public Safety -

In July 2005, the Fire Department and Clearfield City Ambulance became the North Davis Fire District. This new fire district encompasses both the cities of Clearfield and West Point. All assets and liabilities were transferred over from the City's financial statement July 1, 2005. In the FY06 budget, the operating expenditures related to these operations were removed from the City's budget. The North Davis Fire District has an administrative board with Clearfield City's council acting as the governing board. In fiscal year 2006 the property taxes associated with the fire district were still collected by the city and then transferred to the district. The associated tax rate was 0.001400. In FY2007, the property will be collected directly by the District.

**Finance &
Administration -**

In March 2006, Clearfield City was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This award is for the fiscal year ended June 30, 2005.

In FY2006, the City completed the implementation of the new enterprise wide software system. This new system had modules that replaced the Financial / Fund Accounting, Human Resource, Permitting and Code Enforcement software. It also included new modules for budgeting, work orders, on line job application and provides employees online access to their employee information. Implementation began in March 2005. The Financial system went live in July 2005 with the Human Resource system going live in October 2005. The software replaced a system that was installed in 1986.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. The City's accounting records for utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- (1) The safeguarding of assets against loss from unauthorized use or disposition; and
- (2) The reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that:
 - (a) the cost of a control should not exceed the benefits likely to be derived; and

- (b) the evaluation of costs and benefits requires estimates and judgments by management.

I believe the City's internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The City operates an integrated budgetary and accounting system, which incorporates the adoption of a formal legal budget. The City Council sets goals and objectives for the City staff which then adopts the annual budget prepared by City Management. State statutes define the legal level of budgetary control at the department level. Expenditures should not exceed appropriations at that level. Individual Departments can produce financial reports from current data at any time, where the department head is responsible for monitoring their own departmental budgets. If needed, the budget is reopened as required to consider necessary adjustments.

Cash Management

The Utah Money Management Act governs the investments of all public funds held by public treasurers in the state. It establishes criteria for the investment of public funds with an emphasis on safety, liquidity, yield, and matching the term of investments to the availability of funds.

Clearfield City is currently complying with all of the provisions of the Money Management Act for all City operating funds. All of the City's funds are invested in the Utah Public Treasurers Investment Fund.

Risk Management

Clearfield City is taking a very strong position in Risk Management. The City has established a Risk Management and a Safety Committee. The City has also developed a Risk Management policy book. Clearfield City purchases insurance policies through a broker which has placed the coverage. Lines of coverage include property, inland marine, general liability, law enforcement liability, employment practices liability, automobile liability and physical damage, crime and umbrella liability with a limit coverage of \$10,000,000.

Like other governmental entities within the State of Utah, the City and its exposure to liability claims are governed under the Utah Governmental Immunity Act (Utah Code Ann. 63-30-1). This act helps regulate claims and damages against a governmental organization.

OTHER INFORMATION

Independent Audit

Section 10-6-150 of the Utah Code Unannotated, and section III.D.01 of the State of Utah Uniform Accounting Manual require third class cities to prepare an annual financial report, and that an annual audit be conducted by an independent certified public accountant. The City has contracted with Ulrich and Associates, P.C., Certified Public Accountants, and their independent auditor's report has been included in this report.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and City employees in the Business License, Public Works, Administration and Community Services Departments who were instrumental in the successful completion of this report.

I would like to thank the Mayor and members of the City Council for their interest and support in the financial operations of the City, for demonstrating fiscal responsibility, and for their striving to fulfill the duties and responsibilities of their respective offices.

Respectfully submitted,

Robert Wylie

Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clearfield City Corporation,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director

Clearfield City Corporation

City Officials

For the Year Ended June 30, 2006

Executive Budgetary

Christopher Hillman
Lawrence Waggoner

City Manager
City Attorney/ Assistant City Manager

Statutory Appointed Officials

Nancy Dean
Steven Guy

City Recorder
City Treasurer

Department Heads

Robert Wylie
Scott Hodge
Tracy Heun
Jim Schilling

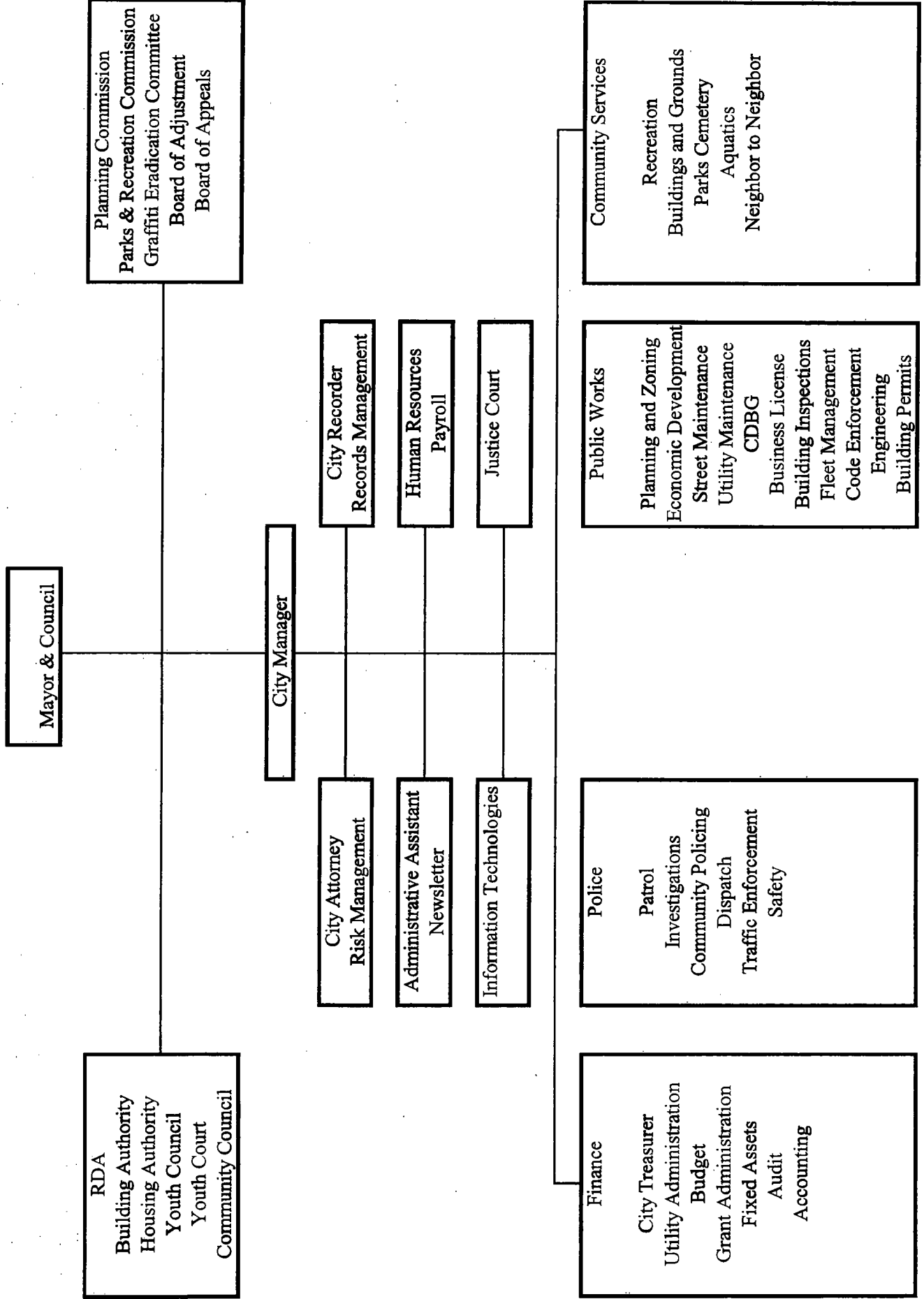
Finance Director
Public Works Director
Community Services Director
Police Chief

Other City Officials

Greg Krusi
Marsha Ashby
Kim Dabb
O. Kay Chandler

Assistant Police Chief
Human Resource Manager
Assistant Public Works Director
Economic Development Director

Clearfield City, Utah



FINANCIAL SECTION

Ulrich & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council

Clearfield City Corporation
Clearfield, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clearfield City Corporation as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Clearfield City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clearfield City Corporation as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2006 on our consideration of Clearfield City Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the

Members of Utah Association of CPAs / American Institute of CPAs
information and express no opinion on it.

Charles E. Ulrich, CPA | Michael E. Ulrich, CPA
Cathie Hurst, CPA | Heather Christopherson, CPA
website/ www.ulrichcpa.com

4991 South Harrison | Ogden, Utah 84403
Tel/ 801.627.2100 | Fax/ 801.475.6548
email/ ulrich@ulrichcpa.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clearfield City Corporation's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ulrich & Associates, P.C.

November 3, 2006

Management's Discussion and Analysis

The independent auditors' opinion on basic financial statements preceding this section of the report specifically refers to the Basic Financial Statements that start on page 32. The management's discussion and analysis is not specifically audited. However this discussion is "required supplementary information" by the Utah State Auditor's office and must be included in the report. This information is provided to help citizens and users of this report understand what happened financially during the past year, how it compared to prior years, and provide information on important things that will happen in the future.

Financial Highlights

- Fiscal Year 2006 was the first fiscal year in which the North Davis Fire District was restructured and separated from the City organizationally. The North Davis Fire District is still considered a component unit of the City, due to that Clearfield City's Council is the governing board for the Fire District. In Fiscal year 2006, the operating budgets for both the Fire Department and Ambulance Fund were removed from the City's budget. Because of the timing of the election in which the citizens of the Fire District needed to vote on the rate, Clearfield City collected the full amount of the Certified Tax rate of 0.002980 in property taxes. The City then reimbursed on a monthly basis to the District 0.001400 of the tax rate. Looking at the individual departmental budgets, there is a line item for the Fire Department. This represents the money that was transferred in lieu of District collecting the taxes directly.
- The Comprehensive Annual Financial Report (CAFR) does state the North Davis Fire District in the report as a component unit which is a separate column. For the Management Discussion and Analysis, this report will focus on the Governmental and Business-type excluding the Fire District. In the event that it is determined to be material to include the figures for the District, it will be noted.
- In the transfer of Fund balance and net assets, the Ambulance Fund transferred to the Fire District \$494,860. Of this amount, \$205,365 was in cash, \$215,772 in net accounts receivables and \$81,859 in net value of capital equipment.
- In relationship to the General Fund, \$1,473,425 in capital assets with a net current book value of \$441,530 was transferred as of July 1, 2005 to the North Davis Fire District.
- The total net assets of Clearfield City increased 5% to \$33,389,668. Governmental net assets increased by 10.7% while Business-type net assets decreased by 0.007%. The decrease with the net assets in the Business-type activities was due to the transfer of the assets from the Ambulance Fund to the North Davis Fire District.
- The total net assets of \$33,389,668 are made up of \$18,481,889 in capital assets net of related debt, \$1,617,858 in restricted assets and \$13,289,921 in unrestricted assets.

- Total long-term liabilities which includes: Capital Leases, General Obligation and Revenue bonds and Notes payables decreased by \$1,263,915 or 4.4%.
- In the Governmental-type activities, revenues exceeded expenditures by \$1,707,174. In the Business-type activities, expenditures exceeded revenues by \$105,569. The increase in expenditures over revenues from the Business-type activities was due to the additional expense of \$494,860 listed as a equity transfer to the fire district.

Overview of Financial Statements

There are three components in Clearfield City's basic financial statements: 1st government-wide financial statements-pages 32 and 34, 2nd fund financial statements-pages 36 to 52 and 3rd notes to the financial statements-pages 54 through 80.

GASB 34 requires the addition of a government-wide financial statement presentation. The government-wide financial statements focus on *operational accountability*. Operation accountability is how efficiently and effectively the city uses resources to meet city objectives and provide city services. The government-wide financial reports also help measure the ability to continue to provide services for the foreseeable future by presenting net assets and using *full accrual accounting* instead of the *modified accrual accounting* historically used. The Statement of Net Assets and the Statement of Activities report city activities under two categories: primary governmental activities and business-type activities. Governmental activities are those principally supported by taxes and intergovernmental revenues. Business-type activities are those that recover all or a significant portion of their costs through user fees and charges.

The notes to financial statements are essential to understanding the details underlying the statements. Notes that were required in prior years are still included in this year's report. This year's notes also have more detailed information and explanations of government-wide and fund financial statements.

Government-wide financial statements: pages 32 to 34.

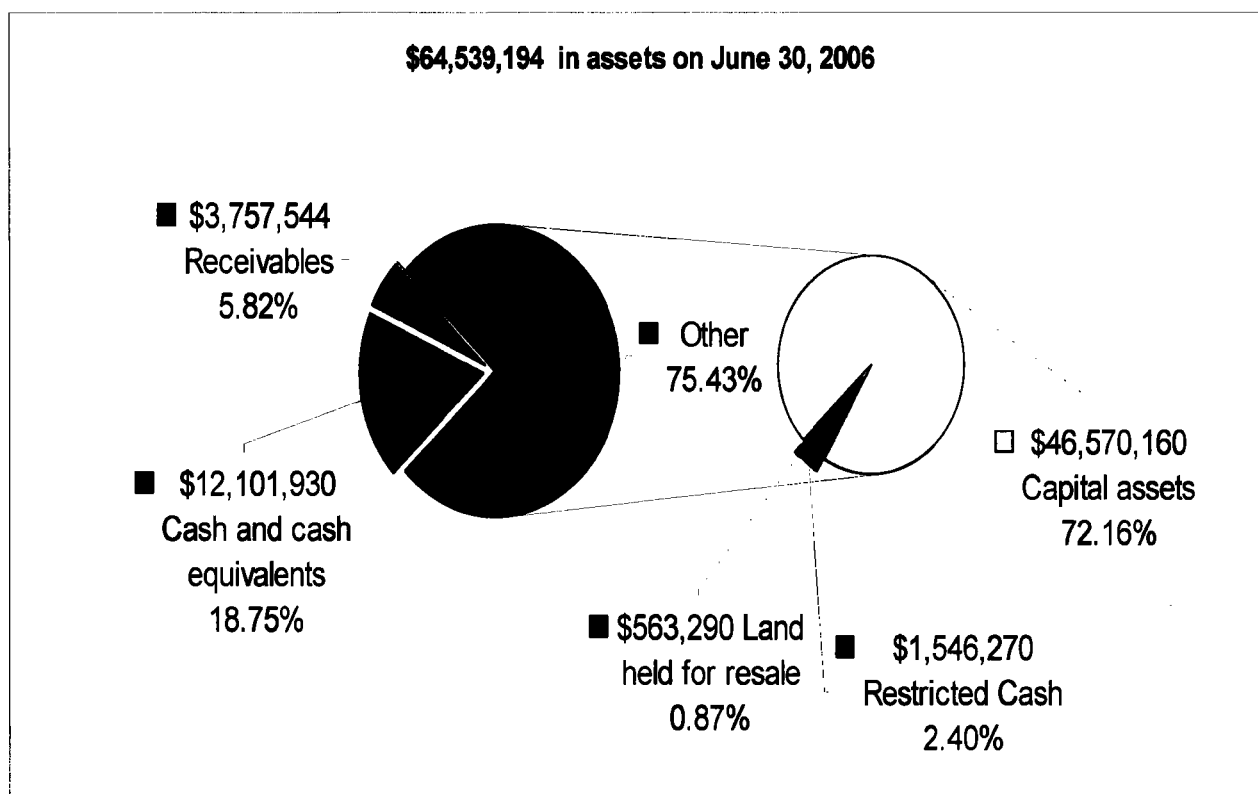
Clearfield City's Statement of Net Assets: page 32.

Clearfield City's Statement of Net Assets is reported as of June 30, 2006, which is the end of the fiscal year. This statement is a "picture" of the City's assets and liabilities on the last day of the fiscal year. On June 30, 2006 the City's total net assets exceeded liabilities by \$33,389,668. The statement shows that unrestricted assets are enough to cover the current liabilities of Clearfield City.

Clearfield City's assets on June 30, 2006 were \$64,539,194. 70% of these assets are tied up in capital assets or are restricted as to what they can be used for. This is a reduction of over 6%.

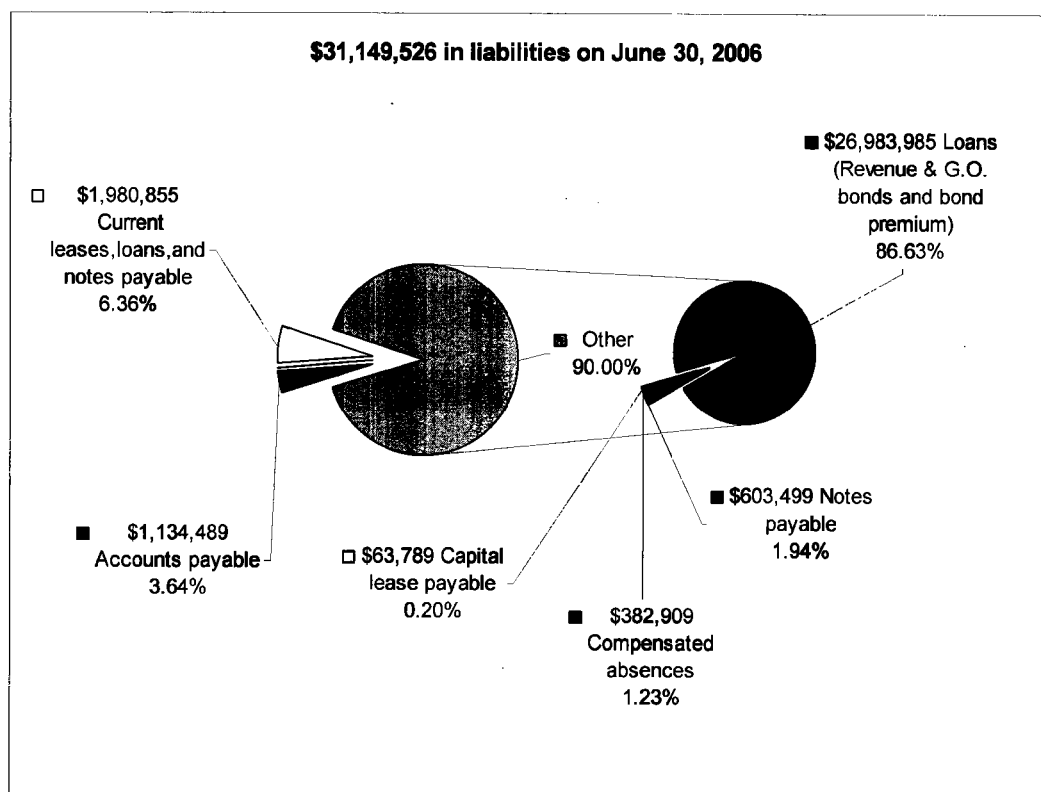
Of the total assets about \$46.5 million is tied up in capital assets (i.e. land, buildings, streets, sewer systems, equipment, and projects being built). Please note that the capital assets are "net of accumulated depreciation". This means the values are an indication of the age of the assets. An older asset will have more depreciation subtracted from the original cost of the asset and will have a smaller value. For the Governmental Activities, accumulated depreciation is approximately \$8.76 million dollars or 18.8% of

the purchase price. For the Business-type activities, accumulated depreciation is approximately \$7 million dollars but is 44% of the purchase price. This indicates that the assets associated with the business-type activities (water, sewer, and storm sewer systems) are older. More information on depreciation is available in the Notes to the Financial Statements on pages 67 to 69. Schedules of general fixed assets are on pages 94 to 96.



Clearfield City's liabilities on June 30, 2006 were \$31,149,526. Non-current liabilities are 86.22% and current liabilities are 13.78% of the total liabilities. The 13.78% is around \$4.7 million and represents what the City will need to pay out in the coming year. This includes debt payments that are due in the coming year. The 86.22% of non-current liabilities is about \$29.3 million, with \$28.2 million in revenue & general obligation bond debt (principal only), \$668 thousand in Capital Lease and Notes payable, and \$389 thousand for compensated absences. The City owes \$14,285,000 on the sales tax revenue bonds issued in 2003, and \$2,207,000 on the 1996 and 2000 Redevelopment revenue bonds and \$544,000 for other revenue bonds.

For more detailed information see pages 61 to 63, which has the debt section of Clearfield City's Notes to Financial Statements.



Current Liabilities

Leases, loans, notes payable	6.36%
Accounts Payable	3.64%
	<u>10.00%</u>

Non-current Liabilities

Loans- Bonds	86.63%
Notes payable	1.94%
Capital leases payable	.20%
Compensated absences	<u>1.23%</u>
	90.00%

The net assets section of the Statement of Net Assets is the difference between the City's assets and liabilities. The net assets are classified as invested in capital assets net of related debt; restricted for capital projects net of related debt, restricted for debt and unrestricted.

Clearfield City's Statement of Activities: page 34.

The Statement of Activities presents normal programs and functions that the City continually provides year after year. The statement is for the year ended June 30, 2006 and covers the time period of July 1, 2005 to June 30, 2006. It shows how much revenue the City generated during the year and the expenses for the same period. The presentation shows governmental programs and business-type activities. Governmental activities presented include General Government, Public Safety, Highways and Public Works, Community Services (Parks and Recreation), Community Development and interest on long-term debt. Business-type activities include all utility services provided by the City, namely water, sewer, waste collection (garbage), and storm drain. The ambulance service is now run by the North Davis Fire District.

General government activities summary

Government activities are services provided. The charges, grants, and contributions for services are collectively labeled program revenues. Typically program revenues do not cover the cost of providing the services. On the Total primary government line in the Governmental Activities column of the Statement of Activities the \$9,276,531 in parenthesis represents the cost of services that were not covered with program revenues. The general revenues and fees of \$10,983,705 collected by Clearfield City for governmental activities was enough to offset the \$9,276,531 cost of services not covered with program revenues, the excess \$1,707,174 increases the net assets to \$17,655,440..

The Statement of Activities is a useful report for seeing how property tax, sales tax, other taxes and interest earned were spent. For example, total expenses for Public Safety (police, dispatch, inspection and the North Davis Fire District in FY06 due to property taxes), is \$4,707,841. The revenues or charges for services related to Public Safety totals \$1,661,720 and \$43,288 in operating grants and contributions. The \$3,002,833 in parenthesis on the public safety line represents how much of the total expenses are not covered through Charges for Services and rely on general revenue. Since this is 64% of the program expense, program revenues covered 36% of program expenses.

The programs supported by general fund revenues (in order of how much they depend on general revenues to survive, with percentage of funding coming from general fund revenues, and percentage of general fund revenues) are:

		Amount of program funded w/GF	% of program funded with <u>General revenues</u>	% of General <u>revenues</u>
1 st	General Government	\$3,912,690	78%	36%
2 nd	Public Safety	\$3,002,833	64%	27%
3 rd	Interest on Long Term Debt	\$1,335,936	100%	12%
4 th	Community Services	\$ 1,156,360	45%	10 %

In Highway and Public Improvements the revenues exceeded expenses by \$202,296. With Community Development, expenses exceeded revenues by \$71,008.

Business-type activities summary

The Statement of Activities also presents as Clearfield's business-type activities water, sewer, garbage, and storm sewer utilities. The Clearfield City ambulance service is not included in FY2006.

The business-type activities run by Clearfield City generated net revenue of \$1,764,524 during the year. This revenue can be used to help replace the aging water and sewer systems. When interest, miscellaneous revenue, loss on disposal of fixed assets and

Fund financial statements: pages 36 to 52.

Clearfield City records transactions in different funds. The funds are a grouping of related accounts that are used to maintain control over resources that are segregated for specific activities or objectives. Fund financial statements provide information on near-term inflows, outflows, and fund balances. Fund statements are budget oriented and focus on *what has happened during the fiscal year*. For example, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances show how the fund balances changed from the beginning of the year to the end of the year.

Clearfield City, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

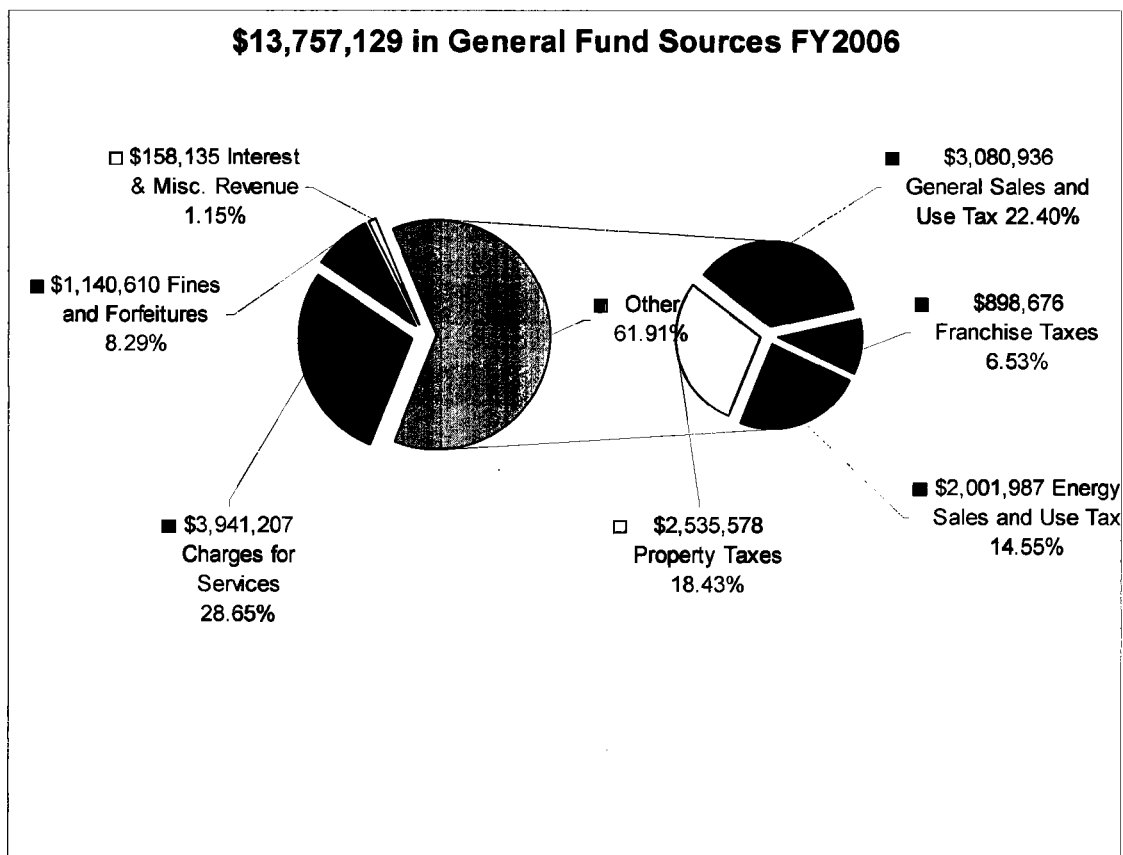
General Government funds summary

The General Government funds reported by the City are the General Fund, the Redevelopment Agency Fund, the Facilities Development Fund, the Capital Project Fund and Other Governmental Funds.

General Fund: pages 43 to 48.

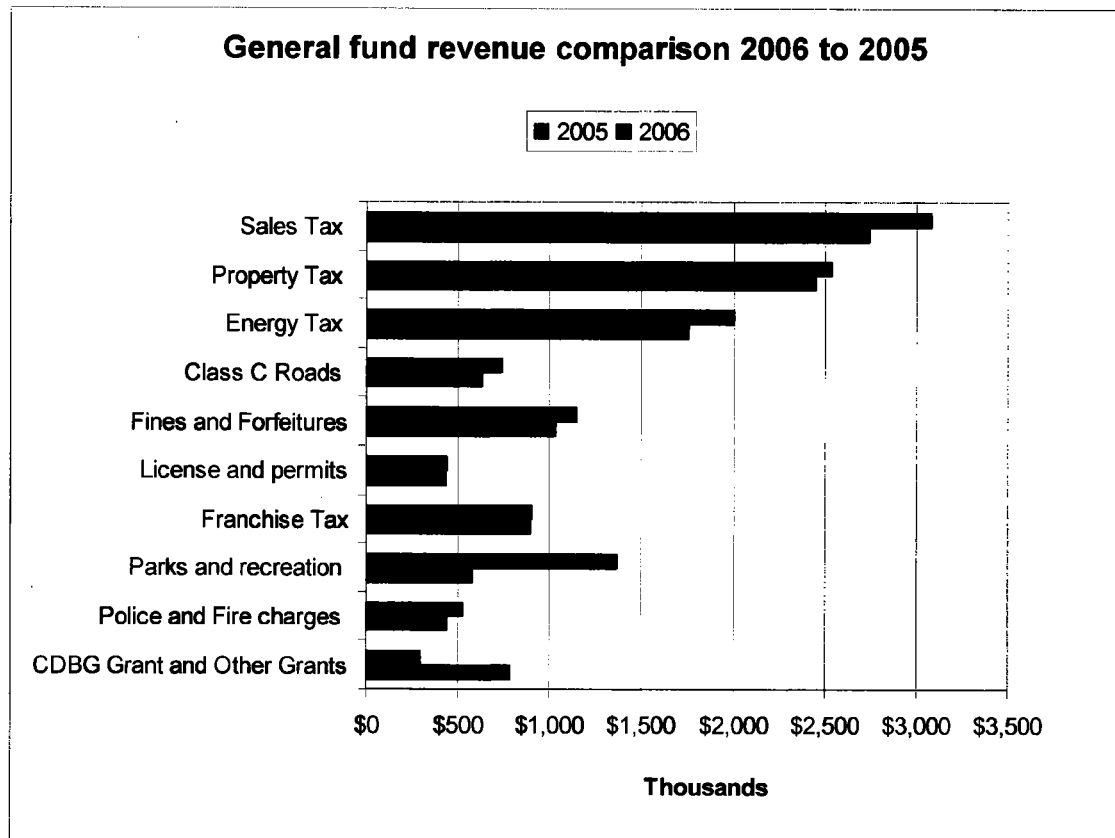
During the year \$13,757,129 came into the general fund before Other financing sources.

General Fund Sources:



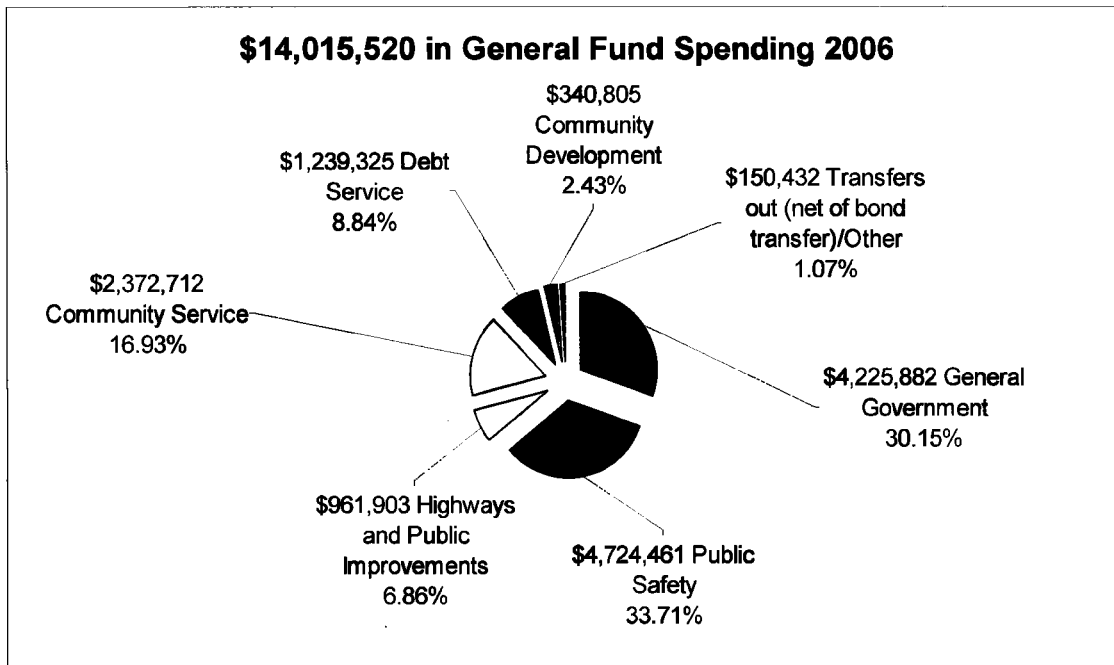
The next chart compares the normal general fund revenue for 2005 and 2006. Overall general fund revenues increased by \$1,279,933 or 10.91%. Property tax increased \$85,164 or 3%. Clearfield City did transfer over \$1,200,000 from property taxes collected to the Fire District. Fines and Forfeitures increased \$104,874 or 10.1%, Energy Tax increased \$249,113 or 14.2%, Class "C" road money increased \$106,980 or 17%, Parks and Recreation increased by \$788,762 or 136.9%. This was due to the new Aquatic Center that opened up in FY06 and was accounted for in membership dues and day fees.

Percentage and amount of general fund spending by broad functions is presented below.

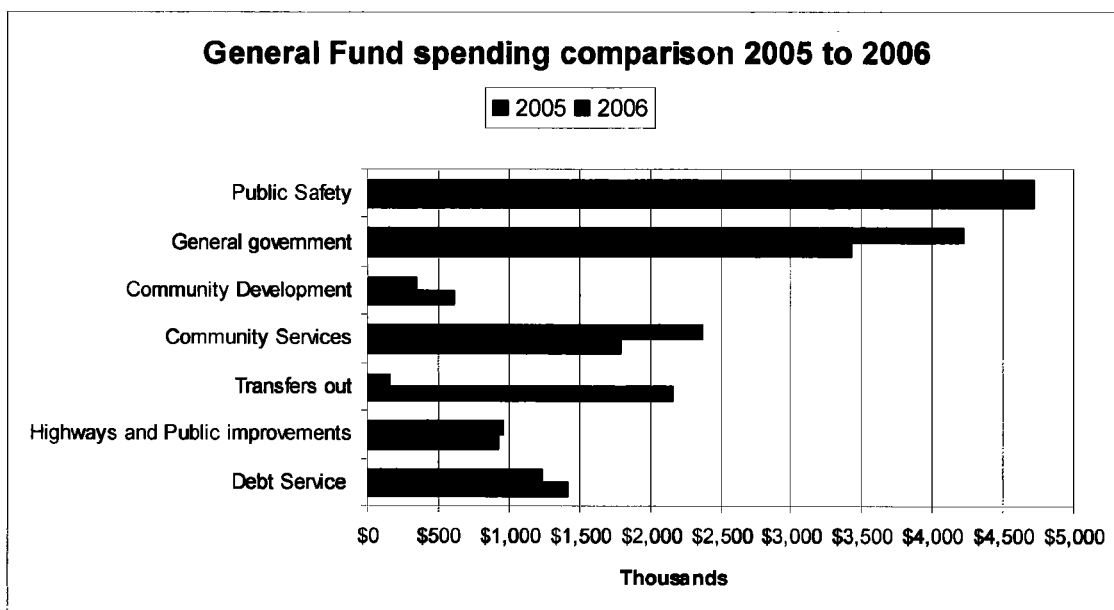


General Fund Spending:

General Fund expenditures net of other financial sources (transfers in or out) increased by \$2,010,660 or 18.5%. 11.8% of the increase in expenditures was related to debt service. Debt Service increased by \$236,822 or 46.2%. This increase was due to the refunding of the 1998 General Obligation bonds that was completed in April 2005. Public Safety increased \$448,902 or 10.5%, General Government increased \$284,816 or 9.1%.



The next chart compares general fund spending for 2005 and 2006 by governmental activity.



Community Development & Renewal Agency Fund: page 49.

The Clearfield City community development & renewal property tax increment revenue increased \$37,674 or 2.8% in 2006. Total revenue of \$1,400,828 was generated in 2006. Community Development & Renewal Agency revenue includes property tax increment monies, rent from CDRA owned properties, and interest.

The Clearfield Community Development & Renewal Agency's balance sheet reflects an interfund loan payable of \$1,200,729. This loan is due to the Proprietary fund. The largest asset is land held for resale and most of this land is collateral for the debt the redevelopment agency has incurred.

The total fund balance for the Community Development & Renewal Agency Fund decreased \$222,509 to end the year at \$480,267.

Facilities Development Fund: page 83.

Impact fee revenues collected in 2006 totaled \$650,523. These fees increased \$20,833 or 3.3% from 2005. A total of \$444,242 was transferred out of the facilities development fund for impact fee related construction projects.

Capital Projects Fund: page 84.

The Capital Projects Fund began the fiscal year with a fund balance of \$1,440,154. During the year, \$2,184,530 was transferred out or spent related to capital projects. The fund balance had a net increase of \$222,609 to end the fiscal year with a \$1,662,763 fund balance.

Proprietary Funds Summary: pages 50 to 53.

Proprietary funds include the water, sewer, waste collection, and storm drain departments. All of the City's business type activities are making a profit.

Proprietary funds are the same as the business-type activities in the government-wide financial statements. The Business-type Activities column on the Statement of Net Assets has the same total assets, total liabilities, and total net assets as the total column on the Statement of Net Assets Proprietary Fund statement. Because government fund accounting has always included depreciation in the old enterprise fund accounts (now called Proprietary funds) the transition to the new reporting model is easier with Proprietary funds.

The statement of Net Assets for Proprietary Funds shows a total operating income of \$6,377,725 for the fiscal year ending 2006. The following list the individual operating revenues for the respective utilities:

Water Utility	\$2,607,700
Sewer Utility	\$1,891,575
Waste Collection	\$1,428,771
Storm Drain	<u>\$ 449,679</u>

Total Operating income \$6,377,725
The Proprietary funds also had operating expenses totaling \$1,766,727 before nonoperating revenues or expenditures. The following details their respective expenses:

Water Utility	\$1,809,100
Sewer Utility	\$1,478,375
Waster Collection	\$1,081,481
Storm Sewer	<u>\$ 242,043</u>
Total Operating Expenses	\$4,610,998

After nonoperating revenues and expenses, the proprietary funds had a net increase of \$389,291.

Notes to Financial Statements: pages 54 to 80

The Notes to the financial statement presents important details and schedules explaining Clearfield City's significant accounting policies, reconciliation of the Government-wide statement to the Fund Financial Statements, stewardship, compliance, accountability and detailed notes on all funds.

Funds not presented earlier are classified as nonmajor governmental funds and these are presented on pages 85 to 92. Clearfield City has the following nonmajor funds:

Municipal Building Authority
G.O. Bond Fund
Park Capital Project Fund
The Cemetery Perpetual Care Permanent Fund

The Combining Balance Sheet Nonmajor Governmental Funds and the Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds are presented on pages 85 and 86. Budget and actual comparisons for the nonmajor funds are presented on pages 89 to 92. Budget and actual comparisons for major capital project funds are presented on pages 83 and 84.

Requests for information:

It is granted that in a city the size of Clearfield the accounting for over \$64.5 million in assets and over \$22 million of annual revenues and other financing sources for 2005 is bound to be a complex undertaking. The new GASB 34 reporting model is the government accounting industry's effort to bring to light the most relevant issues that are reported to citizens, elected officials, and city government employees.

The City's various departments will be happy to answer any additional questions which you may have as you review this report. In particular the Finance Director can be reached at (801) 525-2720 and the City Treasurer can be reached at (801) 525-2721 Monday through Friday from 8 A.M to 5 P.M.

BASIC FINANCIAL STATEMENTS

Clearfield City Corporation

Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>North Davis Fire District</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 8,377,712	4,641,818	13,019,530	445,292
Accounts receivable - net	-	730,076	730,076	176,801
Property, sales, & franchise taxes receivable	1,773,906	-	1,773,906	-
Other receivables	795,023	-	795,023	-
Prepaid expenses	18,755	291,775	310,530	-
Capital lease receivable	148,011	-	148,011	-
Internal balances	(1,680,331)	1,680,331	-	-
Capital assets (net of accumulated depreciation):				
Land	3,431,116	-	3,431,116	-
Water rights & easements	-	9,162	9,162	-
Buildings	22,509,167	89,638	22,598,805	-
Improvements	3,167,575	4,920,753	8,088,328	-
Equipment	2,327,315	1,051,583	3,378,898	674,980
Infrastructure	4,380,138	1,817,718	6,197,856	-
Construction in process	2,069,286	796,699	2,865,985	-
Restricted cash	515,467	113,208	628,675	48,839
Restricted land held for sale	563,295	-	563,295	-
Total assets	<u>48,396,435</u>	<u>16,142,761</u>	<u>64,539,196</u>	<u>1,345,912</u>

The accompanying notes to the financial statements are an integral part of this statement.

Clearfield City Corporation
Statement of Net Assets - Continued
June 30, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>North Davis Fire District</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	725,956	408,533	1,134,489	62,030
Accrued interest payable	566,750	-	566,750	-
Capital lease payable - current	84,472	-	84,472	100,005
General obligation bonds payable - current	575,000	-	575,000	-
Revenue bonds payable - current	688,000	-	688,000	-
Notes payable - current	66,633	-	66,633	-
Compensated absences	382,909	-	382,909	44,667
Bond premium - net	306,985	-	306,985	-
Capital lease payable - noncurrent	63,789	-	63,789	134,906
General obligation bonds payable - noncurrent	11,175,000		11,175,000	-
Revenue bonds payable - noncurrent	15,502,000	-	15,502,000	-
Notes payable - noncurrent	603,499	-	603,499	-
Total liabilities	<u>30,740,993</u>	<u>408,533</u>	<u>31,149,526</u>	<u>341,608</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	9,796,336	8,685,553	18,481,889	440,069
Restricted for:				
Debt	52,324	-	52,324	48,839
Perpetual care Expendable	20,814	-	20,814	-
Nonexpendable	98,327	-	98,327	-
Capital projects	4,339,129	-	4,339,129	-
Other	-	113,208	113,208	-
Unrestricted	3,348,510	6,935,467	10,283,977	515,396
Total net assets	<u>\$ 17,655,440</u>	<u>15,734,228</u>	<u>33,389,668</u>	<u>1,004,304</u>

The accompanying notes to the financial statements are an integral part of this statement.
33

Clearfield City Corporation

Statement of Activities

For the Year Ended June 30, 2006

Function/Programs	Net (Expenses) Revenues & Changes in Net Assets				
	Program Revenues		Primary Government		Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government					
Governmental activities:					
General government	Expenses				
Public safety	\$ 4,989,256	1,076,566	-	\$ (3,912,690)	-
Highways and public improvements	4,707,841	1,661,720	-	(3,002,833)	-
Community services	1,013,820	479,263	-	202,296	-
Community development	2,542,861	1,373,500	-	(1,156,360)	-
Interest on long-term debt	340,805	269,797	-	(71,008)	-
	1,335,936	-	-	(1,335,936)	-
Total governmental activities	14,930,519	4,591,049	-	(9,276,531)	-
Business-type activities:					
Public utility	4,613,201	6,377,725	-	1,764,524	1,764,524
Total business-type activities	4,613,201	6,377,725	-	1,764,524	1,764,524
Total primary government	\$ 19,543,720	10,968,774	-	(9,276,531)	(7,512,007)
Component unit					
North Davis Fire District	\$ 1,629,966	2,132,508	-	-	1,003,332
Total component unit	1,629,966	2,132,508	-	-	1,003,332
General revenues:					
Property taxes				3,326,539	-
General sales and use tax				3,080,936	-
Franchise tax				898,676	-
Energy use tax				2,001,987	-
Interest earnings				308,299	972
Miscellaneous				5,850	-
Loss on disposal of capital asset				(10,717)	-
Residual equity transfer to fire district				(293,519)	-
Transfers				(1,665,654)	-
Total general revenues				10,983,705	972
Change in net assets				1,707,174	1,004,304
Net assets - beginning				15,948,266	31,788,063
Net assets - ending				\$ 17,655,440	33,389,668

The accompanying notes to the financial statements are an integral part of this statement.

This page left blank intentionally

Clearfield City Corporation

Balance Sheet - Governmental Funds

For the Year Ended June 30, 2006

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	<u>Community</u>				
	<u>General Fund</u>	<u>Development & Renewal Agency Fund</u>	<u>Facilities Development</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 2,800,747	1,889,570	3,687,395	-	8,377,712
Property, sales, and franchise taxes receivable	1,773,906	-	-	-	1,773,906
Accounts receivable	180,439	36,769	-	-	795,023
Prepaid expense	18,755	-	-	-	18,755
Due from other funds	-	-	403,035	1,699,228	2,173,806
Restricted cash	-	396,179	-	-	515,467
Restricted land held for sale	-	563,295	-	-	563,295
Total assets	<u>4,773,847</u>	<u>2,885,813</u>	<u>4,090,430</u>	<u>1,699,228</u>	<u>14,217,964</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accounts payable	143,580	50,964	21,210	36,465	252,219
Accrued liabilities	473,737	-	-	-	473,737
Interfund loans payable	-	1,200,729	-	-	1,200,729
Due to other funds	1,499,555	1,153,853	-	-	2,653,408
Deferred revenue	981,517	-	-	-	1,559,290
Total liabilities	<u>3,098,389</u>	<u>2,405,546</u>	<u>21,210</u>	<u>36,465</u>	<u>6,139,383</u>

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation

Balance Sheet - Governmental Funds

For the Year Ended June 30, 2006

	Special Revenue		Capital Projects		Other Governmental Funds	Total Governmental Funds
	General Fund	Community Development & Renewal Agency Fund	Facilities Development	Capital Projects		
Fund Balances						
Reserved for:						
Special revenue	-	-	-	-	9	9
Debt service	-	-	-	-	52,315	52,315
Capital projects	-	-	3,461,831	857,890	19,408	4,339,129
Cemetery perpetual care	-	-	-	-	119,141	119,141
Other	-	-	-	-	-	-
Unreserved, reported in:						
General fund	1,675,456	-	-	-	-	1,675,456
Special revenue funds	-	480,267	-	-	-	480,267
Capital projects funds	-	-	607,389	804,873	-	1,412,262
Total fund balances	1,675,456	480,267	4,069,220	1,662,763	190,873	8,078,579
Total liabilities and fund balances	\$ 4,773,845	2,885,813	4,090,430	1,699,228	768,646	14,217,962

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2006

Total fund balances - governmental fund types: \$ 8,078,579

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds. 37,884,597

Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds. 148,011

Long-term assets not available to pay for current period expenditures, and, therefore, are deferred in the funds. 1,559,290

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Also issuance costs, premiums, and discounts are not currently expensed but amortized over the life of the loan. (30,015,037)

Net assets of governmental activities \$ 17,655,440

The accompanying notes are an integral part of the financial statements.

This page left blank intentionally

Clearfield City Corporation

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2006

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	Community				
	General Fund	Development & Renewal Agency Fund	Facilities Development	Capital Projects	Other Governmental Funds
					Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 8,517,177	1,354,807	-	-	10,507,143
Rents & other services	546,219	31,508	-	-	577,727
Intergovernmental	1,062,939	-	-	-	1,068,789
Charges for services	2,332,049	-	-	-	2,332,049
Impact fees	-	-	479,263	-	479,263
Fines and forfeitures	1,140,610	-	-	-	1,140,610
Interest	96,735	14,513	171,260	-	287,942
Miscellaneous revenue	61,400	-	-	-	61,400
Total revenues	13,757,129	1,400,828	650,523	-	16,454,923
<u>Expenditures</u>					
Current					
General government	4,225,882	210,173	-	-	4,436,855
Public safety	4,724,461	-	-	-	4,724,461
Highways and public works	961,903	-	-	-	961,903
Community services	2,372,712	-	-	-	2,372,712
Community development	340,805	-	-	-	340,805
Capital outlay	-	376,117	-	2,184,530	2,560,647
Debt service					
Principal retirement	608,793	280,311	-	-	1,629,104
Interest and fiscal charges	630,532	160,925	-	-	1,252,059
Total expenditures	13,865,088	1,027,526	-	2,184,530	18,278,546

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds - Continued For the Year Ended June 30, 2006

	Special Revenue		Capital Projects		Other Governmental Funds	Total Governmental Funds
	General Fund	Community Development & Renewal Agency Fund	Facilities Development	Capital Projects		
Excess (deficiency) revenues over (under) expenditures	(107,959)	373,302	650,523	(2,184,530)	(554,959)	(1,823,623)
Other Financing Sources (Uses)						
Proceeds of note payable	-	150,000	-	-	-	150,000
Proceeds from sale of capital assets	7,155	-	-	-	-	7,155
Transfers in	995,184	-	3,347	2,408,885	602,808	4,010,224
Transfers (out)	(1,152,771)	(745,811)	(444,242)	(1,746)	-	(2,344,570)
Total other financing sources and (uses)	(150,432)	(595,811)	(440,895)	2,407,139	602,808	1,822,809
Net change in fund balances	(258,391)	(222,509)	209,628	222,609	47,849	(814)
Fund balances - beginning of year	1,933,847	702,776	3,859,592	1,440,154	143,024	8,079,393
Fund balances - end of year	\$ 1,675,456	480,267	4,069,220	1,662,763	190,873	8,078,579

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds.	\$ (814)
--	----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,336,759
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,050,994)
--	-------------

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,471,793
---	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(49,570)</u>
---	-----------------

Change in net assets of governmental activities	<u><u>\$ 1,707,174</u></u>
---	----------------------------

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>				
Taxes:				
General property taxes	\$ 2,576,435	2,576,435	2,535,578	(40,857)
General sales and use taxes	2,783,096	2,783,096	3,080,936	297,840
Franchise taxes	778,903	778,903	898,676	119,773
Energy sales and use tax	1,612,414	1,612,414	2,001,987	389,573
	<u>7,750,848</u>	<u>7,750,848</u>	<u>8,517,177</u>	<u>766,329</u>
Intergovernmental:				
Class "C" road allotment	690,000	690,000	736,853	46,853
State liquor allotment	24,000	24,000	33,801	9,801
Other grants	113,275	113,275	22,488	(90,787)
CDBG grant	268,281	268,281	269,797	1,516
	<u>1,095,556</u>	<u>1,095,556</u>	<u>1,062,939</u>	<u>(32,617)</u>
Charges for services:				
Special police services	507,027	507,027	521,110	14,083
Licenses and permits	477,023	477,023	437,439	(39,584)
Parks and recreation	1,551,799	1,551,799	1,364,890	(186,909)
Cemetery lots and services	13,500	13,500	8,610	(4,890)
	<u>2,549,349</u>	<u>2,549,349</u>	<u>2,332,049</u>	<u>(217,300)</u>
Fines and forfeitures	<u>988,475</u>	<u>988,475</u>	<u>1,140,610</u>	<u>152,135</u>
Interest	<u>132,000</u>	<u>132,000</u>	<u>96,735</u>	<u>(35,265)</u>
Miscellaneous	<u>52,074</u>	<u>52,074</u>	<u>61,400</u>	<u>9,326</u>
Rents & other services	<u>60,000</u>	<u>60,000</u>	<u>546,219</u>	<u>486,219</u>
<u>Other Financing Sources</u>				
Bond proceeds	80,000	80,000	-	(80,000)
Proceeds from sale of fixed assets	44,000	44,000	7,155	(36,845)
Transfers in	<u>1,442,761</u>	<u>1,442,761</u>	<u>995,184</u>	<u>(447,577)</u>
Total other financing sources	<u>1,566,761</u>	<u>1,566,761</u>	<u>1,002,339</u>	<u>(564,422)</u>
Total revenues and other financing sources	<u>\$ 14,195,063</u>	<u>14,195,063</u>	<u>14,759,468</u>	<u>564,405</u>

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund - Continued
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance-
	Original	Final	Amounts	Positive (Negative)
<u>Expenditures</u>				
<u>General government</u>				
Legislative:				
Salaries and wages	\$ 56,156	56,156	46,449	9,707
Employee benefits	39,837	39,837	36,372	3,465
Council & mayor	57,200	57,200	51,713	5,487
Materials, supplies, and services	58,734	58,734	60,319	(1,585)
	211,927	211,927	194,853	17,074
Justice court:				
Salaries and wages	201,353	201,353	191,500	9,853
Employee benefits	36,976	36,976	43,325	(6,349)
Professional services	49,000	76,000	89,989	(13,989)
Materials, supplies, and services	21,175	21,175	16,558	4,617
	308,504	335,504	341,372	(5,868)
Executive:				
Salaries and wages	612,082	612,082	629,637	(17,555)
Employee benefits	170,733	170,733	164,994	5,739
Professional services	107,122	107,122	70,980	36,142
Materials, supplies, and services	381,101	381,101	479,732	(98,631)
Capital outlay	185,678	185,678	60,725	124,953
	1,456,716	1,456,716	1,406,068	50,648
Finance:				
Salaries and wages	262,498	262,498	259,746	2,752
Employee benefits	85,046	85,046	83,495	1,551
Professional services	383,500	383,500	375,546	7,954
Materials, supplies, and services	51,257	51,257	28,657	22,600
	782,301	782,301	747,444	34,857
Non-departmental:				
Materials, supplies, and services	306,719	326,719	323,137	3,582
Utilities	401,625	481,625	508,223	(26,598)
Telephone	127,118	127,118	104,007	23,111
	835,462	935,462	935,367	95

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund - Continued
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
<u>Expenditures</u>				
General government buildings:				
Salaries and wages	87,805	87,805	74,592	13,213
Employee benefits	35,209	35,209	26,981	8,228
Professional services	212,352	212,352	194,024	18,328
Materials, supplies, and services	68,650	58,650	78,879	(20,229)
Capital outlay	72,686	72,686	63,498	9,188
	<u>476,702</u>	<u>466,702</u>	<u>437,974</u>	<u>28,728</u>
Elections:				
Materials, supplies, and services	25,165	25,165	21,953	3,212
	<u>25,165</u>	<u>25,165</u>	<u>21,953</u>	<u>3,212</u>
Planning and zoning				
Salaries and wages	87,574	87,574	97,246	(9,672)
Employee benefits	31,568	31,568	35,310	(3,742)
Materials, supplies, and services	1,500	23,100	8,295	14,805
	<u>120,642</u>	<u>142,242</u>	<u>140,851</u>	<u>1,391</u>
Total general government	<u>4,217,419</u>	<u>4,356,019</u>	<u>4,225,882</u>	<u>130,137</u>
<u>Public safety</u>				
Police:				
Salaries and wages	2,227,006	2,227,006	2,184,823	42,183
Employee benefits	823,532	862,196	823,896	38,300
Materials, supplies, and services	176,805	176,805	144,906	31,899
Capital outlay	80,500	80,500	80,920	(420)
	<u>3,307,843</u>	<u>3,346,507</u>	<u>3,234,545</u>	<u>111,962</u>

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund - Continued
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance-
	Original	Final	Amounts	Positive (Negative)
<u>Expenditures</u>				
Fire department:				
Member contributions to fire district	1,207,700	1,213,700	1,213,265	435
	1,207,700	1,213,700	1,213,265	435
Inspection department:				
Salaries and wages	172,362	172,362	161,331	11,031
Employee benefits	61,518	61,518	61,250	268
Professional services	81,345	48,520	47,080	1,440
Materials, supplies, and services	19,780	12,300	6,990	5,310
	335,005	294,700	276,651	18,049
Total public safety	4,850,548	4,854,907	4,724,461	130,446
<u>Highways and public improvements</u>				
Streets and highways:				
Salaries and wages	320,379	320,379	476,617	(156,238)
Employee benefits	101,449	101,449	140,583	(39,134)
Materials, supplies, and services	250,600	435,500	174,870	260,630
Capital outlay	211,593	211,593	169,833	41,760
	884,021	1,068,921	961,903	107,018
Total highways and public improvements	884,021	1,068,921	961,903	107,018

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund - Continued
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance-
	Original	Final	Amounts	Positive (Negative)
<u>Expenditures</u>				
<u>Community services</u>				
General community services:				
Salaries and wages	115,460	115,460	127,730	(12,270)
Employee benefits	33,084	33,084	37,063	(3,979)
Materials, supplies, and services	-	27,080	7,412	19,668
	<u>148,544</u>	<u>175,624</u>	<u>172,205</u>	<u>3,419</u>
Parks:				
Salaries and wages	336,802	336,802	297,148	39,654
Employee benefits	99,782	99,782	90,165	9,617
Materials, supplies, and services	92,432	92,432	137,451	(45,019)
Capital outlay	187,715	92,231	91,475	756
	<u>716,731</u>	<u>621,247</u>	<u>616,239</u>	<u>5,008</u>
Recreation:				
Salaries and wages	913,179	953,797	959,593	(5,796)
Employee benefits	186,221	186,221	175,059	11,162
Materials, supplies, and services	405,674	405,674	362,577	43,097
Capital outlay	81,956	81,956	79,870	2,086
	<u>1,587,030</u>	<u>1,627,648</u>	<u>1,577,099</u>	<u>50,549</u>
Cemetery:				
Materials, supplies, and services	9,198	9,198	7,169	2,029
	<u>9,198</u>	<u>9,198</u>	<u>7,169</u>	<u>2,029</u>
Total community services	<u>2,461,503</u>	<u>2,433,717</u>	<u>2,372,712</u>	<u>61,005</u>

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund - Continued
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance-
	Original	Final	Amounts	Positive (Negative)
<u>Expenditures</u>				
<u>Community development</u>				
Community and economic development:				
Salaries and wages	89,433	89,433	87,908	1,525
Employee benefits	27,732	27,732	24,968	2,764
Professional services	94,350	108,500	105,740	2,760
Materials, supplies, and services	22,550	22,550	13,714	8,836
	<u>234,065</u>	<u>248,215</u>	<u>232,330</u>	<u>15,885</u>
CDBG urban redevelopment:				
Salaries and wages	40,279	40,279	52,407	(12,128)
Employee benefits	16,999	16,999	16,269	730
Materials, supplies, and services	47,592	47,592	39,799	7,793
	<u>104,870</u>	<u>104,870</u>	<u>108,475</u>	<u>(3,605)</u>
Total community development	<u>338,935</u>	<u>353,085</u>	<u>340,805</u>	<u>12,280</u>
<u>Debt service</u>				
Principle payments	520,000	520,000	520,000	-
Interest payments	546,984	636,984	628,807	8,177
Professional services	-	1,725	1,725	-
Lease obligations	82,000	82,000	88,793	(6,793)
	<u>1,148,984</u>	<u>1,240,709</u>	<u>1,239,325</u>	<u>1,384</u>
<u>Other Financing Uses</u>				
Transfers to other funds	<u>1,759,742</u>	<u>2,098,935</u>	<u>1,152,771</u>	<u>946,164</u>
Total other financing uses	<u>1,759,742</u>	<u>2,098,935</u>	<u>1,152,771</u>	<u>946,164</u>
Total expenditures and other financing uses	15,661,152	16,406,293	15,017,859	1,388,434
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,466,089)</u>	<u>(2,211,230)</u>	<u>(258,391)</u>	<u>1,952,839</u>
Fund balance, beginning of year	<u>1,933,847</u>	<u>1,933,847</u>	<u>1,933,847</u>	<u>-</u>
Fund balance, end of year	<u>\$ 467,758</u>	<u>(277,383)</u>	<u>1,675,456</u>	<u>1,952,839</u>

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Community Development & Renewal Agency Fund
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
<u>Revenues</u>				
Taxes	\$1,354,807	1,354,807	1,354,807	-
Rents and other services	31,200	31,200	31,508	308
Interest revenue	14,580	14,580	14,513	(67)
	<u>1,400,587</u>	<u>1,400,587</u>	<u>1,400,828</u>	<u>241</u>
<u>Expenditures</u>				
Current operating				
General government	150,160	186,480	210,173	(23,693)
Capital outlay	760,890	1,019,125	376,117	643,008
Debt service				
Principal retirement	442,267	442,267	280,311	161,956
Interest payments	-	-	160,925	(160,925)
Total expenditures	<u>1,353,317</u>	<u>1,647,872</u>	<u>1,027,526</u>	<u>620,346</u>
Excess of revenue over (under) expenditures	<u>47,270</u>	<u>(247,285)</u>	<u>373,302</u>	<u>620,587</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds of notes payable	800,000	800,000	150,000	(650,000)
Operating transfers (out)	<u>(656,358)</u>	<u>(745,811)</u>	<u>(745,811)</u>	<u>-</u>
Total other financing sources (uses)	<u>143,642</u>	<u>54,189</u>	<u>(595,811)</u>	<u>(650,000)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	190,912	(193,096)	(222,509)	(29,413)
Fund balances, beginning of year	<u>702,776</u>	<u>702,776</u>	<u>702,776</u>	<u>-</u>
Fund balances, end of year	<u>\$ 893,688</u>	<u>509,680</u>	<u>480,267</u>	<u>(29,413)</u>

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation

Statement of Net Assets

Proprietary Funds

June 30, 2006

	Business-Type Activities - Enterprise		
	Public Utility Fund	Ambulance Service Fund	Total
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 4,641,818	-	4,641,818
Accounts receivable	772,751	-	772,751
Allowance for doubtful accounts	(42,675)	-	(42,675)
Due from other funds	479,602	-	479,602
Prepaid items	291,775	-	291,775
Restricted cash and cash equivalents			
Customer deposits	113,208	-	113,208
Interfund loan - CDRA	1,200,729	-	1,200,729
Total current assets	7,457,208	-	7,457,208
Noncurrent assets			
Water stock and rights	9,162	-	9,162
Land, equipment, buildings and improvements	14,884,766	-	14,884,766
Less: accumulated depreciation	(7,005,074)	-	(7,005,074)
Construction in process	796,699	-	796,699
Total noncurrent assets	8,685,553	-	8,685,553
Total assets	16,142,761	-	16,142,761
<u>Liabilities and Net Assets</u>			
Current liabilities			
Accounts payable and accrued liabilities	295,325	-	295,325
Customer deposits	113,208	-	113,208
Total current liabilities	408,533	-	408,533
Total liabilities	408,533	-	408,533
Net assets			
Invested in capital assets, net of related debt	8,685,553	-	8,685,553
Restricted	113,208	-	113,208
Unrestricted	6,935,467	-	6,935,467
Total net assets	15,734,228	-	7,048,675
Total liabilities and net assets	\$ 16,142,761	-	7,457,208

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
June 30, 2006

	Business-Type Activities - Enterprise		
	Public Utility Fund	Ambulance Service Fund	Total
<u>Operating Revenues</u>			
Charges for services	\$ 6,374,622	-	6,374,622
Miscellaneous	3,103	-	3,103
Total operating revenues	6,377,725	-	6,377,725
<u>Operating Expenses</u>			
Salaries and wages	660,386	-	660,386
Employee benefits	218,315	-	218,315
Maintenance and supplies	3,201,298	-	3,201,298
Depreciation and amortization	530,999	-	530,999
Total operating expenses	4,610,998	-	4,610,998
Net operating income	1,766,727	-	1,766,727
<u>Nonoperating Revenues (Expenses)</u>			
Gain/(loss) on disposal of capital assets	(24,946)	-	(24,946)
Interest revenue	315,367	-	315,367
Interest expense and fiscal charges	(2,203)	-	(2,203)
Total nonoperating revenues (expenses)	288,218	-	288,218
Income (loss) before contributions and transfer:	2,054,945	-	2,054,945
Transfers in	241,389	-	241,389
Transfers (out)	(1,907,043)	-	(1,907,043)
Change in net assets	389,291	-	389,291
Total net assets - beginning	15,344,937	494,860	15,839,797
Residual equity transfer (Fire District)	-	(494,860)	(494,860)
Total net assets - ending	\$ 15,734,228	-	16,229,088

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds		
	Public Utility	Ambulance	Total
<u>Cash flows from operating activities</u>			
Receipts from customers	\$ 5,843,147	-	5,843,147
Payments to suppliers	(3,233,812)	-	(3,233,812)
Payments to employees	(878,701)	-	(878,701)
Net cash provided (used) by operating activities	1,730,634	-	1,730,634
<u>Cash flows from noncapital financing activities</u>			
Advance to other funds	(75,729)		
Transfers from other funds	241,389	-	241,389
Transfers to other funds	(1,907,043)		
Residual equity transfers to fire district	-	(205,365)	(205,365)
Net cash provided (used) by noncapital financing activities	(1,741,383)	(205,365)	36,024
<u>Cash flows from capital and related financing activities</u>			
Proceeds from sale of capital asset	(24,946)	-	(24,946)
Purchases of capital assets	(860,322)	-	(860,323)
Principal paid on capital debt	(55,347)	-	(55,347)
Interest paid on capital debt	(2,203)	-	(2,203)
Net cash provided (used) by capital and related financing activities	(942,818)	-	(942,819)
<u>Cash flows from investing activities</u>			
Interest and dividends received	315,367	-	315,367
Net cash provided (used) by investing activities	315,367	-	315,367
Net increase (decrease) in cash and cash equivalents	(638,200)	(205,365)	1,139,206
Cash and cash equivalents - beginning	5,393,226	205,365	5,598,591
Cash and cash equivalents - ending	\$ 4,755,026	-	6,737,797
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>			
Operating income	\$ 1,766,727	-	1,766,727
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	530,999	-	530,999
(Increase)/decrease in accounts receivable	(534,578)	-	(534,578)
Increase (decrease) in accounts payable	(32,514)	-	(32,514)
Total adjustments	(36,093)	-	(36,093)
Net cash provided (used) by operating activities	\$ 1,730,634	-	1,730,634

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2006

	<u>Offsite Improvements</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 236,790
Total assets	<u>236,790</u>
<u>Liabilities and Fund Balances</u>	
Liabilities	
Due to developers	<u>236,790</u>
Total liabilities and net assets	<u>\$ 236,790</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

Clearfield City Corporation

Notes to Financial Statements

June 30, 2006

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The City is a municipal corporation governed by an elected mayor and five member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally separate from the City. Each blended component unit has a June 30 year end.

Blended component units. The following entities are blended in the accompanying basic financial statements:

Clearfield City Community Development Renewal Agency
Clearfield City Municipal Building Authority

Blending means that component unit balances and transactions are combined with balances and transactions of the primary government. Although legally separate from the City, the above component units are blended because they are governed by boards comprised of the City council members. The City retains fiscal responsibility for these entities. These entities are reported as special revenue funds.

Discretely presented component units. The North Davis Fire District provides emergency services to Clearfield City and West Point City. The seven member governing board of the District is appointed by Clearfield City. The City votes to approve property taxes imposed by the District.

Complete financial statements for the component units may be obtained at the entities administrative offices, 140 East Center, Clearfield, Utah 84015.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the *primary government* is financially accountable.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 1 - Summary of Significant Account Policies, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary funds that are considered agency funds have no measurement focus and use the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 1 - Summary of Significant Account Policies, Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *community development & renewal agency fund* accounts for community development & renewal agency transactions conducted by Clearfield City, including property acquisition, site improvements, preparation cost, installation of public improvements, and administration cost.

The *facilities development fund* accumulates development and impact fees from various sources which are restricted for use in specific areas. Fees collected include storm sewer development fees, park fees, and water development fees.

The *capital project fund* accounts for the ongoing acquisition and replacement of major capital assets and infrastructure improvements needed to maintain the operations of the City. General government resources provide the primary source of funding with grants and other government resources providing additional funding as available.

The City reports the following major proprietary funds:

The *public utility fund* accounts for the operations of the City's public utility system. The fund includes the components such as, water, sewer, waste collection and storm drain.

The *ambulance fund* accounts for the revenues and expenses associated with providing ambulance transportation services.

The City reports the following fiduciary fund:

The *offsite improvement fund* accounts for the funds collected from developers for offsite improvements.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 1 - Summary of Significant Account Policies, Continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, garbage, storm drain, and ambulance services enterprise funds are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net assets or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 1 - Summary of Significant Account Policies, continued

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund loans".

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are collected by the County Treasurer and remitted to the City shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 of each year.

Sales taxes are collected by the State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by the telephone, natural gas and electric utilities and by cable TV operations and are remitted to the City monthly.

3. Restricted cash and cash equivalents

Certain resources of the City's governmental funds are set aside for the repayment of debt, for capital projects, and for cemetery perpetual care.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 1 - Summary of Significant Account Policies, continued

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets will be valued at estimated historical cost in future financial reports.

Property, plant, equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	15-20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5-10
Equipment	3-7

5. Compensated absences

City employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation up to 240 hours may carryover into the next year and is paid upon termination. Sick leave in excess of 80 hours may be converted to five days vacation leave or to cash at one-fourth of the amount.

Sick leave is forfeited upon termination. Certain eligible employees, can, upon retirement, convert unused sick leave into prepaid health insurance premiums (up to 5 years) or receive an equivalent lump sum payment.

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources.

Unpaid compensated absences in proprietary funds are recorded as a liability in those funds as the vested benefits to employees accrue.

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 1 - Summary of Significant Account Policies, continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund equity/ net assets

Reserves represent those portions of fund equity not appropriable for expenditure or legally separated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 46,643,209
Accumulated depreciation	<u>(8,758,613)</u>
Total difference	<u><u>\$ 37,884,596</u></u>

Deferred revenue:

Long-term assets applicable to the City's governmental activities are not available to pay for current expenditures and thus are deferred in government funds. The statement of net assets includes these as revenue:

Deferred revenue - property taxes	\$ 1,559,290
-----------------------------------	--------------

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements - continued

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2006 were:

Notes payable	\$ 670,132
General obligation bonds	12,056,985
Revenue bonds	16,190,000
Capital leases	148,261
Interest payable on long-term debt	566,750
Compensated absences	<u>382,909</u>
Total difference	<u><u>\$ 30,015,037</u></u>

Explanation of differences between governmental fund operating statements and the statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 2,976,399
Loss on disposal of fixed assets	(459,402)
Depreciation expense	<u>(1,180,239)</u>
Net difference as reported	<u><u>\$ 1,336,758</u></u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements - continued

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt issued or incurred:	
Note payable	\$ (150,000)
Principal repayments:	
General obligation debt	655,000
Capital lease obligations	81,482
Revenue bond obligations	846,000
Notes payable	<u>39,311</u>
Net difference as reported	<u>\$ 1,471,793</u>

Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the difference are as follows:

Compensated absences	\$ 6,639
Amortization of bond premiums	20,357
Accrued interest	<u>(76,566)</u>
Net difference as reported	<u>\$ (49,570)</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 3 - Stewardship, Compliance, and Accountability

Budgetary information

Budgets are prepared and adopted, in accordance with State law, by the Clearfield City Council on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. Tentative budgets must be adopted on or before June 22nd for the following fiscal year, beginning July 1. Final adoption of the budget must be no later than August 17th. Budgets may be increased by resolution of the City Council at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. The budget is adopted by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between Departments require the approval of the City Council. The legal level of budgetary control is at the departmental level. Appropriations lapse at June 30.

Utah State law allows for any undesignated fund balance in excess of 5% of total revenues of the General Fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the General Fund in an amount equal to 18% of the total estimated revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year, to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. The City is in compliance based on the above range.

Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are prepared on the modified accrual basis of accounting. Encumbrances are used only as an internal management control device during the year. Appropriations lapse at year end. Therefore encumbrances are not reflected in the accompanying financial statements. However, encumbrances generally are reappropriated and honored as part of the following year's budget.

For the year ended June 30, 2006, expenditures exceeded appropriations in the following department:

General Fund

Justice Court

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds

Deposits and investments

The City maintains cash accounts with local institutions and investment pools with the Utah Public Treasurers' Investment Fund, which is available for use by all funds.

Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial credit risk - Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$431,948 of the \$531,948 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

As of June 30, 2006, the City had the following deposits and investments:

	<u>Fair Value</u>
Cash on deposit	\$ 531,948
State Treasurer's investment pool	<u>13,580,056</u>
	<u>\$ 14,112,004</u>

Credit risk. Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the City had investments of \$13,580,056 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest rate risk. Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Components of cash and investments (including interest earning deposits) at June 30, 2006, are as follows:

Cash on hand and on deposit	
Cash on hand	\$ 4,060
Cash on deposit	64,089
Utah State Treasurer's investment pool account	<u>13,580,056</u>
	<u>\$13,648,205</u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	\$13,019,530
Restricted cash	<u>628,675</u>
	<u>\$13,648,205</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

Property taxes receivable

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Property taxes receivable (general fund)	\$ 981,517
Property taxes receivable (debt service fund)	<u>577,773</u>
Total deferred/unearned revenue for governmental funds	<u><u>\$ 1,559,290</u></u>

Capital assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,305,990	99,926	-	3,405,916
Construction in progress	12,367,017	681,727	10,979,458	2,069,286
Water rights	25,200	-	-	25,200
Total capital assets not being depreciated	<u>15,698,207</u>	<u>781,653</u>	<u>10,979,458</u>	<u>5,500,402</u>
Capital assets being depreciated:				
Buildings	13,391,864	12,162,790	-	25,554,654
Improvements	5,178,635	128,493	-	5,307,128
Machinery and equipment	6,646,241	745,102	1,774,765	5,616,578
Infrastructure	4,526,628	137,819	-	4,664,447
Total capital assets being depreciated	<u>29,743,368</u>	<u>13,174,204</u>	<u>1,774,765</u>	<u>41,142,807</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

Primary Government Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	\$ 2,580,276	465,212	-	3,045,488
Improvements	2,012,229	127,324	-	2,139,553
Machinery and equipment	4,121,627	482,999	1,315,363	3,289,263
Infrastructure	179,605	104,704	-	284,309
Total accumulated depreciation	8,893,737	1,180,239	1,315,363	8,758,613
Total capital assets, being depreciated, net	20,849,631	11,993,965	459,402	32,384,194
Governmental activities capital assets, net	<u>\$ 36,547,838</u>	<u>12,775,618</u>	<u>11,438,860</u>	<u>37,884,596</u>
Business-type Activities:				
Capital assets not being depreciated:				
Construction in process	\$ 1,022,762	321,205	547,268	796,699
Water stock and rights	9,162	-	-	9,162
Total capital assets not being depreciated	1,031,924	321,205	547,268	805,861
Capital assets being depreciated:				
Buildings	100,721	-	-	100,721
Improvements	10,002,003	-	-	10,002,003
Infrastructure	953,712	932,145	-	1,885,857
Machinery and equipment	3,038,969	222,522	365,306	2,896,185
Total capital assets being depreciated	14,095,405	1,154,667	365,306	14,884,766
Less accumulated depreciation for:				
Buildings	8,084	2,999	-	11,083
Improvements	4,828,884	252,366	-	5,081,250
Infrastructure	26,239	41,900	-	68,139
Machinery and equipment	1,698,316	233,733	87,447	1,844,602
Total accumulated depreciation	6,561,523	530,998	87,447	7,005,074
Total capital assets, being depreciated, net	7,533,882	623,669	277,859	7,879,692
Business-type activities capital assets, net	<u>\$ 8,565,806</u>	<u>944,874</u>	<u>825,127</u>	<u>8,685,553</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 591,587
Public safety	233,246
Highways and public improvements	137,707
Community services	217,699
Total depreciation expense - governmental activities	<u>1,180,239</u>

Business-type activities:

Water	424,006.00
Sewer	52,685.00
Storm sewer	38,386.00
Garbage	15,922.00
Ambulance	-
Total depreciation expense - Business-type activities	<u>530,999</u>

Total depreciation expense	<u><u>\$ 1,711,238</u></u>
----------------------------	----------------------------

Discretely presented component unit - North Davis Fire District

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Machinery and equipment	\$ -	757,251	-	757,251
Total capital assets being depreciated	-	757,251	-	757,251
Less accumulated depreciation for:				
Machinery and equipment	-	82,271	-	82,271
Total accumulated depreciation	-	82,271	-	82,271
Total capital assets, being depreciated, net	-	674,980	-	674,980
Business-type activities capital assets, net	<u>\$ -</u>	<u>674,980</u>	<u>-</u>	<u>674,980</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

Interfund receivables, payables, and transfers

Individual interfund receivable and payable balances at June 30, 2006 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	1,499,555
Community Development & Renewal Agency	-	1,153,853
Capital Projects	1,699,228	-
Public Utility	479,602	-
Facilities Development	403,035	-
Nonmajor Governmental	71,543	-
Offsite Improvements	-	-
	<u>\$ 2,653,408</u>	<u>2,653,408</u>
	Loans Receivable	Loans Payable
<u>Fund</u>	<u>Other Funds</u>	<u>Other Funds</u>
Community Development & Renewal Agency	\$ -	1,200,729
Public Utility	1,200,729	-
	<u>\$ 1,200,729</u>	<u>1,200,729</u>

Interfund transfers:	General Fund	Facilities Development	Capital Projects	Non-Major Governmental	Public Utility Fund
Transfers out:					
General Fund	\$ -	-	1,035,508	106,266	10,998
CDRA Fund	745,811	-	-	-	-
Facilities Development Fund	-	-	199,506	-	241,389
Capital projects	1,746	-	-	-	-
Non-major Governmental	-	-	-	-	-
Public Utility Fund	247,627	-	1,173,872	496,542	-
Total Transfer in	<u>\$ 995,184</u>	<u>-</u>	<u>2,408,886</u>	<u>602,808</u>	<u>252,387</u>

Interfund receivables and payables are created when expenditures are paid by one fund on behalf of another. In addition, allocations of expenditures between funds are recorded as due to/from until paid. Transfers between funds are to fund operating expenditures and capital projects.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

Leases

Capital leases

The City has entered into lease agreements as lessee for financing the acquisition of two fire trucks and land. In connection with the creation of the North Davis Fire District, the City transferred the two fire trucks. The debt related to the two fire trucks remains with the City. The District is then reimbursing the City for debt payments made per their agreement. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Land	\$ 11,280
<u>Discretely presented component unit - North Davis Fire District</u>	

The District has entered into certain capital lease agreements with unrelated parties as well as agreements with Clearfield City under which the related equipment will become the property of the District when all terms of the basic agreements are met. During the current fiscal period capital lease agreements with Clearfield City totaled \$148,261. and unrelated capital leases of \$86,900. Such agreements are included with capital lease obligations.

The assets acquired through capital leases are as follows:

Machinery and Equipment	\$ 336,143
Less: accumulated depreciation	<u>(29,160)</u>
Total	<u>\$ 306,983</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

Year Ending June 30	<u>Governmental Activities</u>
2007	\$ 11,462
2008	19,015
2009	19,316
2010	19,615
2011	<u>19,615</u>
Total minimum lease payments	89,023
Less: amount representing interest	<u>(2,123)</u>
Present value of Minimum lease payments	<u>\$ 86,900</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

Year Ending June 30	<u>Governmental Activities</u>
2007	\$ 88,793
2008	43,873
2009	<u>21,936</u>
Total minimum lease payments	154,602
Less: amount representing interest	<u>(6,341)</u>
Present value of Minimum lease payments	<u><u>\$ 148,261</u></u>

Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$15,000,000. During the year, general obligation bonds totaling \$10,105,000 were issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 14 to 20 year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Overpass and municipal buildings	4.4-5.5%	\$ 1,725,000
Overpass and municipal buildings	3-5%	<u>10,025,000</u>
		<u><u>\$ 11,750,000</u></u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2007	\$ 575,000	515,263
2008	600,000	489,388
2009	625,000	462,413
2010	660,000	434,050
2011	685,000	410,950
2012-2016	3,845,000	1,616,500
2017-2021	4,760,000	692,750
Total	<u>\$11,750,000</u>	<u>4,621,314</u>

Advance and current refundings

In April 2005, the City issued \$10,105,000 in general obligation bonds to partially refund previous general obligation bonds with an outstanding balance of \$12,090,000. The City has invested the proceeds in State and Local Government Securities (SLGS's) such that \$9,790,000 of the previous bond balance will be refunded when the bonds become callable in the year 2009. In addition, the remaining amounts of invested funds will be used to subsidize the payments on the remaining \$2,300,000 that is not being refunded. The refunding of the \$9,790,000 is considered an in-substance defeasance and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce the total number of debt service payments by 2 years resulting in an economic gain of \$308,423.

Revenue bonds

The City also issued sales tax revenue bonds which were used for City improvements such as new aquatic center, skate park, gymnasium, and water and sewer projects. The 2003 bonds were issued for \$14,650,000, and are due in annual installments of \$365,000 to \$875,000 thru July 1, 2026. At June 30, 2005 the outstanding balances of such issues are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General fund	2.0-5.0%	\$ 13,915,000

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

In addition, the City's Community Development & Renewal Agency has issued tax increment revenue bonds which were used to pay off loans owed to the General and Enterprise Funds of the City. The 1996 bonds were issued for \$2,275,000 and are due in annual installments of \$57,000 to \$165,000 thru August 1, 2011 and the 2004 series bonds were issued for \$1,399,000, and are due in annual installments of \$130,000 to \$155,000 thru May 15, 2014. At June 30, 2005 the outstanding balances of such issues were as follows:

Governmental activities:

	<u>Interest Rates</u>	<u>Amount</u>
1996 Community Development & Renewal	6.5-8.15%	\$ 847,000
2004 Community Development & Renewal	2.55-4.3%	1,119,000
		<u>\$ 1,966,000</u>

The City has other debt which it treats as revenue type debt because of the nature of the debt and the revenues being used to fund the related debt service. The debt is a lease revenue bond issued by the City Municipal Building Authority for renovation of the old city building, pay off the debt for Katie's Park and for sewer and waterline improvements. The original debt was for \$791,000 and is being repaid in installments of \$60,000 to \$103,000 per year. At June 30, 2006, balance is as follows:

Governmental activities:

	<u>Interest Rates</u>	<u>Amount</u>
2001 Lease Revenue Bonds	2.0 to 5.0%	\$ 309,000
		<u>309,000</u>
Total City reflected revenue bonds		<u>\$ 16,190,000</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	688,000	718,703
2008	729,000	695,673
2009	723,000	669,243
2010	750,000	639,998
2011	785,000	607,684
2012-2016	3,000,000	2,616,123
2017-2021	2,960,000	2,012,700
2022-2026	3,790,000	1,183,750
2027-2031	2,765,000	212,126
Total	<u>\$16,190,000</u>	<u>9,356,000</u>

Advance and current refundings

The government issued \$1,399,000 of tax increment revenue refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,187,000 on tax increment revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce the total number of debt service payments by 6 years resulting in an economic gain of \$112,118.

Notes payable

The City has also incurred debt in the form of notes payable. The City Community Development & Renewal Agency has issued several notes payable, which were used for land improvements, development, and infrastructure, which includes costs for street, curbs, gutter, sidewalk, parking lots, water line, sewer lines, engineering, oversight, and the survey of land. Annual installments of note payable principal range from \$1,700 to \$54,317 with interest rates from 0%-10.5%. At June 30, 2006, annual debt service requirements to maturities are as follows:

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Detailed Notes on All Funds - continued

Governmental Activities:

Year Ending June 30	Principal	Interest
2007	66,634	45,464
2008	69,426	42,671
2009	72,444	39,654
2010	75,705	36,392
2011	79,231	32,866
2012-2016	134,513	125,497
2017-2021	172,179	57,831
2022-2026	-	-
Total	\$ 670,132	380,375

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 12,405,000	-	(655,000)	11,750,000	575,000
Revenue bonds	17,036,000	-	(846,000)	16,190,000	688,000
Total bonds payable	29,441,000	-	(1,501,000)	27,940,000	1,263,000
Notes payable	559,443	150,000	(39,311)	670,132	66,633
Capital leases	229,743	-	(81,482)	148,261	84,472
Compensated absences	389,548	40,026	(46,665)	382,909	382,909
Governmental activity long-term liabilities	<u>\$ 30,619,734</u>	<u>190,026</u>	<u>(1,668,458)</u>	<u>29,141,302</u>	<u>1,797,014</u>
Business-type activities:					
Bonds payable:					
Capital leases	\$ 55,347	-	(55,347)	-	-
Business-type activity long-term liabilities	<u>\$ 55,347</u>	<u>-</u>	<u>(55,347)</u>	<u>-</u>	<u>-</u>

The governmental activities compensated absences are generally liquidated by the general fund.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Other information

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Retirement Plans

Local governmental - cost sharing

Plan description

Clearfield City Corporation (City) contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System), Public Safety Retirement System (Public Safety System) for employers with social security coverage, and Firefighters Retirement System (Firefighters System) which is for employers with social security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy

During 1996, the City ceased participating in the Local Governmental Contributory Retirement System. Plan members are required to contribute a percent their of covered salary (all or part may be paid by the employer) to the respective systems to which they belong. The City is required to contribute a percent of covered salary to the respective systems, 0% to the Contributory, 11.09% to the Noncontributory, 0% to the Public Safety Contributory, 19.34% to the Public Safety Noncontributory and 8.61% to the Firefighters Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Other information - continued

The City's contributions to the Local Governmental Noncontributory Retirement System for the years ending June 30, 2006, 2005 and 2004, were \$ 363,138, \$347,602, and \$281,911 respectively, and for the Public Safety Retirement System the contributions for June 30, 2006, 2005 and 2004, were \$276,919, \$247,908, and \$194,831 respectively, and for the Firefighters Retirement System the contributions for June 30, 2006, 2005 and 2004 were \$813, \$50,717, and \$44,997 respectively. The contributions were equal to the required contributions for each year.

Deferred Compensation Plan

The City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$66,856 for the year ended June 30, 2006.

Defined Contribution Plan

The 401(k) plan provided by International City Management Association (ICMA) is a multiple-employer defined contribution plan. All employees of the City who participate in the Utah Retirement System contributory, noncontributory, or firefighters system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are determined by the City Council and are intended to standardize a minimum retirement contribution of 13% for all full time employees participating in the Utah Retirement System. The City's contributions to the 401(k) plan were \$113,118 for the year ended June 30, 2006.

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

There are a few potential lawsuits in which the City is involved. The City's attorney estimates that the potential claims against the City resulting from such litigation not covered by insurance would not materially affect the financial statements of the City.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Other information - continued

Community Development & Renewal Agency

Tax increment monies were generated from the following project areas within the Community Development & Renewal Agency:

Area #6	\$ 189,438
Area #7	291,622
Area #8	175,520
Area #9	78,198
Area #10	221,391
EDA	398,638
	<hr/>
Total Increment Money	<u>\$ 1,354,807</u>

The other project areas within the CDRA generated a base value decline which resulted in no tax increment monies being received for these areas.

Tax increment paid to other taxing agencies	<u>\$ -</u>
--	-------------

Outstanding debt of the CDRA consists of the following:

Tax Increment Bonds- Series 1996 B	\$ 665,000
Tax Increment Bonds- Series 2004	1,119,000
Notes payable to various individuals for purchase of property and improvements	670,132
Advances from and amounts due to other funds	2,354,582
	<hr/>
	<u>\$ 4,808,714</u>

During the year, the CDRA expended monies in the categories below as follows:

Acquisition of Property	\$ -
Site Improvements/ Preparation Costs	376,117
Installation of Public Improvements	-
Administration Costs	210,173
Debt repayment and bond issuance costs	441,236

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2006

Note 4 - Other information - continued

Residual equity transfers

North Davis Fire Protection District

In October 2004, the Clearfield City Council approved a resolution to create the North Davis Fire Protection District to serve residents of the Clearfield and West Point communities. Effective July 1, 2005, the City transferred all of the operations, assets and liabilities of its ambulance service enterprise fund to the District along with the assets and operations of its fire department. Fire department assets included \$1,473,000 in building and equipment with accumulated depreciation of \$1,032,000 for a net book value of \$441,000. In addition, the City estimates the value of supplies and equipment transferred that fell below the capitalization limit to be \$1,100,000. Employees of the City who worked in the fire department were also terminated as of July 1 and hired by the District. The City has agreements for various services to be provided between Clearfield City and the Fire District.



SUPPLEMENTAL INFORMATION

Clearfield City Corporation

Governmental Fund Descriptions

June 30, 2006

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Facilities Development Fund - This fund accumulates development and impact fees from various sources which are restricted for use in specific areas. Fees collected include storm sewer development fees, park fees, and water development fees.

Capital Project Fund - This fund accounts for the ongoing acquisition and replacement of major capital assets and infrastructure improvements needed to maintain the operations of the City. General government resources provide the primary source of funding with grants and other government resources providing additional funding as available.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Municipal Building Authority Fund - This fund is used to account for specific transactions related to public notices, records, and liability insurance expenditures for municipal buildings.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

G.O. Bond Fund - This fund is used to account for principal and interest on the general obligation bonds used to finance construction in the City.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Park Fund - This fund is used to account for the acquisition and development of City parks. Federal and State grant revenues along with general governmental resources provide funding for these projects.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The Cemetery Perpetual Care Permanent Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust is used to maintain the City's cemetery.

Clearfield City Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Facilities Development Funds
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>				
Development and impact fees	\$ 478,000	478,000	479,263	1,263
Interest revenue	169,800	169,800	171,260	1,460
	<u>647,800</u>	<u>647,800</u>	<u>650,523</u>	<u>2,723</u>
<u>Expenditures</u>				
Current operating				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	647,800	647,800	650,523	2,723
<u>Other Financial (Uses)</u>				
Transfers in	-	-	3,347	3,347
Transfers (out)	(1,150,141)	(1,150,141)	(444,242)	705,899
	<u>(1,150,141)</u>	<u>(1,150,141)</u>	<u>(440,895)</u>	<u>709,246</u>
Excess (deficiency) of revenues over (under) expenditures and other financial uses	(502,341)	(502,341)	209,628	711,969
Fund balance, beginning of year	<u>3,859,592</u>	<u>3,859,592</u>	<u>3,859,592</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,357,251</u>	<u>3,357,251</u>	<u>4,069,220</u>	<u>711,969</u>

Clearfield City Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<u>Revenues</u>	\$ -	-	-	-
<u>Expenditures</u>				
Capital outlay	2,774,237	4,157,831	2,184,530	1,973,301
Excess (deficiency) of revenues over (under) expenditures	(2,774,237)	(4,157,831)	(2,184,530)	1,973,301
<u>Other Financial Sources (Uses)</u>				
Operating transfers in	2,774,237	4,157,831	2,408,885	(1,748,946)
Operating transfers (out)	-	-	(1,746)	(1,746)
	2,774,237	4,157,831	2,407,139	(1,750,692)
Excess (deficiency) of revenues over (under) expenditures and other financial uses	-	-	222,609	222,609
Fund balance, beginning of year	1,440,154	1,440,154	1,440,154	-
Fund balance, end of year	\$ 1,440,154	1,440,154	1,662,763	222,609

Clearfield City Corporation

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent Fund	Total
	Municipal Building Authority	G.O. Bond	Parks	Cemetery Perpetual Care	Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 9	138	-	119,141	119,288
Receivables	-	577,815	-	-	577,815
Due from other funds	-	52,135	19,408	-	71,543
Total assets	9	630,088	19,408	119,141	768,646
Liabilities and Fund Balances					
Liabilities:					
Deferred revenue	-	577,773	-	-	577,773
Total liabilities	-	577,773	-	-	577,773
Fund balances:					
Fund balances reserved for:					
Special revenue	9	-	-	-	9
Debt service	-	52,315	-	-	52,315
Capital projects	-	-	19,408	-	19,408
Cemetery perpetual care	-	-	-	119,141	119,141
Total fund balances	9	52,315	19,408	119,141	190,873
Total liabilities and fund balance	\$ 9	630,088	19,408	119,141	768,646

Clearfield City Corporation
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent Fund	Total
	Municipal Building Authority	G.O. Bond	Parks	Cemetery Perpetual Care	Nonmajor Governmental Fund
Revenues					
Interest	\$ -	137	-	5,297	5,434
Intergovernmental	-	-	-	5,850	5,850
Property tax	-	635,159	-	-	635,159
Total	-	635,296	-	11,147	646,443
Expenditures					
Bond issue costs	-	800	-	-	800
Debt service:					
Principal retirement	85,000	655,000	-	-	740,000
Interest and fiscal charges	21,266	439,336	-	-	460,602
Total expenditures	106,266	1,095,136	-	-	1,201,402
Excess (deficiency) of revenues over (under) expenditures	(106,266)	(459,840)	-	11,147	(554,959)
Other Financing Sources (Uses)					
Operating transfers in	106,266	496,542	-	-	602,808
Total other financing sources (uses)	106,266	496,542	-	-	602,808
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	36,702	-	11,147	47,849
Fund balance, beginning of year	9	15,613	19,408	107,994	143,024
Fund balance, end of year	\$ 9	52,315	19,408	119,141	190,873

Clearfield City Corporation

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds - By Component

For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds				
	Public Utility Fund				Total
	Water Utility	Sewer Utility	Waste Collection	Storm Drain	
Operating Revenues					
Charges for services	\$ 2,604,597	1,891,575	1,428,771	449,679	6,374,622
Miscellaneous	3,103	-	-	-	3,103
Total operating revenues	2,607,700	1,891,575	1,428,771	449,679	6,377,725
Operating Expenses					
Salaries and wages	324,268	214,337	38,999	82,783	660,386
Employee benefits	97,566	80,499	12,969	27,281	218,315
Maintenance and supplies	963,260	1,130,854	1,013,591	93,593	3,201,298
Depreciation and amortization	424,006	52,685	15,922	38,386	530,999
Total operating expenses	1,809,100	1,478,375	1,081,481	242,043	4,610,998
Operating income	798,600	413,200	347,290	207,636	1,766,727
Nonoperating Revenues (Expenses)					
Gain/(loss) on disposal of capital assets					(24,946)
Interest revenue					315,367
Interest expense and fiscal charges					(2,203)
Total nonoperating revenues (expenses)					288,218
Income (loss) before contributions and transfers					2,054,945
Transfers in					241,389
Transfers (out)					(1,907,043)
Change in net assets					(1,665,654)
Total net assets - beginning					389,291
Total net assets - ending					15,344,937
					\$ 15,734,228

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2006

	Offsite Improvements Trust Fund
<u>Additions</u>	
Developer deposits	\$ 83,624
Total additions	<u>83,624</u>
<u>Deductions</u>	
Developer refunds	<u>35,873</u>
Total deductions	<u>35,873</u>
Change in cash held for developers	47,751
Cash held for developers - beginning of the year	<u>189,039</u>
Cash held for developers - at end of year	<u><u>\$ 236,790</u></u>

The accompanying notes are an integral part of the financial statements.

Clearfield City Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Municipal Building Authority Fund
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures</u>				
Debt service				
Principal retirement	85,000	85,000	85,000	-
Interest payments	21,266	21,266	21,266	-
Total expenditures	<u>106,266</u>	<u>106,266</u>	<u>106,266</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(106,266)</u>	<u>(106,266)</u>	<u>(106,266)</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	106,266	106,266	106,266	-
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources	<u>106,266</u>	<u>106,266</u>	<u>106,266</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>9</u>	<u>9</u>	<u>9</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9</u>	<u>9</u>	<u>9</u>	<u>-</u>

Clearfield City Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - G.O. Bond
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 651,346	651,346	635,159	(16,187)
Interest income	-	-	137	137
Total revenues	<u>651,346</u>	<u>651,346</u>	<u>635,296</u>	<u>(16,050)</u>
<u>Expenditures</u>				
Bond issue costs	-	800	800	-
Principal retirement	655,000	655,000	655,000	-
Interest and fiscal charges	<u>439,336</u>	<u>439,336</u>	<u>439,336</u>	<u>-</u>
Total expenditures	<u>1,094,336</u>	<u>1,095,136</u>	<u>1,095,136</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(442,990)</u>	<u>(443,790)</u>	<u>(459,840)</u>	<u>(16,050)</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	<u>442,990</u>	<u>442,990</u>	<u>496,542</u>	<u>53,552</u>
Total other sources	<u>442,990</u>	<u>442,990</u>	<u>496,542</u>	<u>53,552</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	(800)	36,702	37,502
Fund balance, beginning of year	<u>15,613</u>	<u>15,613</u>	<u>15,613</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,613</u>	<u>14,813</u>	<u>52,315</u>	<u>37,502</u>

Clearfield City Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Parks Fund
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>	\$ -	-	-	-
<u>Expenditures</u>	-	-	-	-
Excess of revenue over expenditures	-	-	-	-
<u>Other Financing Sources (Uses)</u>				
Operating transfers (out)	-	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-
Fund balance, beginning of year	19,408	19,408	19,408	-
Fund balance, end of year	<u>\$ 19,408</u>	<u>19,408</u>	<u>19,408</u>	<u>-</u>

Clearfield City Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Cemetery Perpetual Care Fund
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u>
<u>Revenues</u>				<u>(Negative)</u>
Interest	\$ 5,200	5,200	5,297	97
Intergovernmental	5,000	5,000	5,850	850
Total revenues	10,200	10,200	11,147	947
<u>Expenditures</u>	-	-	-	-
Excess (deficiency) of revenues over expenditures	10,200	10,200	11,147	947
<u>Other Financing Sources (Uses)</u>				
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,200	10,200	11,147	947
Fund balance, beginning of year	107,994	107,994	107,994	-
Fund balance, end of year	<u>\$ 118,194</u>	<u>118,194</u>	<u>119,141</u>	<u>947</u>

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

Clearfield City Corporation
Schedule of General Fixed Assets - By Source
June 30, 2006

	<u>Totals</u> <u>June 30, 2006</u>
<u>General Fixed Assets</u>	
Land	\$ 3,431,116
Water rights	-
Buildings	25,554,654
Improvements	5,307,128
Machinery and equipment	5,616,578
Infrastructure	4,664,447
Construction in progress	<u>2,069,286</u>
Total general fixed assets	<u><u>46,643,209</u></u>
<u>Investment in General Fixed Assets by Source</u>	
General fund	7,966,289
Capital projects funds	37,789,754
Grants	<u>887,166</u>
Total investment in general fixed assets	<u><u>\$ 46,643,209</u></u>

Clearfield City Corporation

Schedule of General Fixed Assets - By Function and Activity

June 30, 2006

Function and activity	Water		Buildings	Improvements	Machinery and Equipment	Infra-structure	Construction In Progress	Totals
	Land	Rights						
General government								
Executive	\$ -	-	422,651	-	294,298	-	-	716,949
Justice court	-	-	-	1,988	70,337	-	-	72,325
Finance and administration	-	-	-	24,354	1,293,586	-	131,296	1,449,236
Public works	-	-	-	631	214,402	-	-	215,033
Other	2,928,861	25,200	12,529,025	4,111,214	48,763	420,864	244,036	20,307,963
Total general government	2,928,861	25,200	12,951,676	4,138,187	1,921,386	420,864	375,332	22,761,506
Public safety								
Police	-	-	-	2,150	1,800,643	-	-	1,802,793
Fire	-	-	65,520	12,180	-	-	-	77,700
Dispatch	-	-	-	167,528	176,927	-	-	344,455
Total public safety	-	-	65,520	181,858	1,977,570	-	-	2,224,948
Highways and streets								
Maintenance	-	-	-	-	187,170	-	-	187,170
Shops	-	-	69,595	-	577,015	-	-	646,610
Streets	-	-	-	-	117,622	4,243,583	673,562	5,034,767
Total highways and streets	-	-	69,595	-	881,807	4,243,583	673,562	5,868,547
Community service								
Parks	477,055	-	220,788	896,063	558,056	-	1,020,391	3,172,353
Aquatic center	-	-	12,235,938	33,674	66,330	-	-	12,335,942
Recreation	-	-	11,137	57,345	211,430	-	-	279,912
Total community service	477,055	-	12,467,863	987,082	835,816	-	1,020,391	15,788,207
Total general fixed assets	\$3,405,916	25,200	25,554,654	5,307,127	5,616,579	4,664,447	2,069,285	46,643,208

Clearfield City Corporation
Schedule of Changes in General Fixed Assets - By Function and Activity
June 30, 2006

Function and Activity	General Fixed Assets June 30, 2005	Additions	Deletions	General Fixed Assets June 30, 2006
General government				
Executive	\$ 658,836	74,875	16,763	716,948
Justice court	81,714	-	9,389	72,325
Finance and administration	1,368,625	363,459	282,848	1,449,236
Public works	208,066	25,208	18,241	215,033
Other	20,006,322	301,641	-	20,307,963
Total general government	22,323,563	765,183	327,241	22,761,505
Public safety				
Police	1,705,644	204,358	107,208	1,802,794
Fire	1,551,125	-	1,473,425	77,700
Dispatch	305,798	45,508	6,851	344,455
Total public safety	3,562,567	249,866	1,587,484	2,224,949
Highways and streets				
Maintenance	187,170	-	-	187,170
Shops	653,371	-	6,761	646,610
Streets	4,643,916	390,852	-	5,034,768
Total highways and streets	5,484,457	390,852	6,761	5,868,548
Community service				
Parks	2,822,861	351,866	2,374	3,172,353
Aquatic center	10,956,145	12,198,090	10,818,293	12,335,942
Recreation	291,982	-	12,070	279,912
Total community service	14,070,988	12,549,956	10,832,737	15,788,207
Total general fixed assets	\$ 45,441,575	13,955,857	12,754,223	46,643,209

Clearfield City Corporation

Schedule of Impact Fees

June 30, 2006

New developments often require construction of new water and sewer lines, storm drains, parks, roads and schools. The responsibility for these capital improvements falls on the local government. To fund the projects the local government must charge the individual home owners or the developers impact fees. State law requires the local government to prepare a capital facility plan, write impact fee analysis, enact impact fee legislation, and trace the source, expenditure, and budgeted expenditure for each project.

Clearfield City has established many impact fees including: water, sewer, storm sewer and park. The following tables indicate the source of the impact fee, the remaining balance not yet expended by year, and the planned expenditures by amount and specific capital project.

Impact Fee Source - Water

Balance		Planned Expenditures		Capital Projects
2002	\$ 585,490	2008	379,350	200 South St. - State St. to 700 S
2003	654,674	2008	119,450	Pressure reducing valve station
2004	445,759	2008	29,100	Booster Pump Station at resevoirs
2005	295,966	2008	42,000	Water Source Study
2006	268,599	2009	493,000	800 N to 300 N and Main to Ann St.
		2009	118,050	Terrace Dr. to 300 N to 200 S
		2009	106,100	750 E - 200 S to 700 S
		2009	56,375	Waterline 100 E to 700 S
		2009	607,063	Transmission Line - Reservoir to 700 S
		2009	175,000	500 W - 1800 S to 2000 S
		2009	125,000	Midtown Project
		2010-12	13,040	1450 S - 1500 E to 1200 E
		2010-12	102,000	850 W - 300 n to 25 S
		2010-12	9,000	1000 E - 400 S to Frontage
	<u>\$ 2,250,488</u>		<u>2,250,488</u>	

Impact Fees Source - Sewer

Balance		Planned Expenditures		Capital Projects
2001	\$ 59,898	2007	199,000	500 W - 2000 S to 1800 S
2002	253,838	2007	185,000	650 N - 100 W to 200 W
2003	210,232	2008	238,432	Freeport outfall line to 1000 W
2004	135,619	2009	213,000	400 E. - 700 S to 1250 S
2005	96,347			
2006	79,498			
	<u>\$ 835,432</u>		<u>835,432</u>	

Clearfield City Corporation

Schedule of Impact Fees - continued

June 30, 2006

Impact Fees Source - Storm Sewer

Balance		Planned Expenditures		Capital Projects
2005	\$ 68,703	2007	\$ 147,164	Major Meadows Storm Drain
2006	168,461	2007	90,000	500 W
	<u>\$ 237,164</u>		<u>\$ 237,164</u>	

Impact Fees Source - Park

Balance		Planned Expenditures		Capital Projects
2005	\$ 54,530	2007	\$ 138,747	Jessie D Barlow Park
2006	84,217			
	<u>\$ 138,747</u>		<u>\$ 138,747</u>	

Total restricted impact fees \$ 3,461,831

STATISTICAL SECTION

Clearfield City Corporation

Statistical Section

June 30, 2006

This part of Clearfield City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

Table 1-6

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

Table 7-10

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

Table 11-15

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and economic Information

Table 16-17

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

Table 18-20

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Clearfield City Corporation

Table 1 - Net Assets by Component

Last Four Fiscal Years

(accrual basis of accounting)

	Fiscal Years			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 6,907,875	8,078,750	9,878,324	9,796,336
Restricted	1,103,660	632,850	573,713	4,510,594
Unrestricted	5,610,888	5,695,189	5,496,229	3,348,510
Total governmental activities net assets	13,622,423	14,406,789	15,948,266	17,655,440
Business-type activities				
Invested in capital assets, net of related debt	(449,405)	7,266,728	8,323,285	8,685,553
Restricted	414,919	108,398	98,497	113,208
Unrestricted	10,793,483	6,664,273	7,418,015	6,935,467
Total business-type activities net assets	10,758,997	14,039,399	15,839,797	15,734,228
Primary government				
Invested in capital assets, net of related debt	6,458,470	15,345,478	18,201,609	18,481,889
Restricted	1,518,579	741,248	672,210	4,623,802
Unrestricted	16,404,371	12,359,462	12,914,244	10,283,977
Total primary government net assets	\$ 24,381,420	28,446,188	31,788,063	33,389,668

Clearfield City Corporation

Table 2 - Changes in Net Assets

Last Four Fiscal Years

(accrual basis of accounting)

	Fiscal Years			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 3,311,899	3,777,907	4,099,536	4,989,256
Public safety	4,081,813	4,310,959	4,788,486	4,707,841
Highways and public improvements	787,040	720,798	829,769	1,013,820
Debt Service	-	(519)	414,182	-
Community services	1,515,550	1,490,829	1,801,677	2,542,861
Community development	217,899	147,426	614,422	340,805
Capital outlay	-	1,500	-	-
Interest on long-term debt	1,124,791	1,561,119	1,346,825	1,335,936
Total governmental activities	11,038,992	12,010,019	13,894,897	14,930,519
Business-type activities:				
Water utility	1,599,850	1,690,869	1,906,579	1,811,303
Sewer utility	1,349,429	1,341,354	1,500,568	1,478,375
Waste collection	1,286,064	1,198,136	1,144,860	1,081,481
Storm drain	213,442	162,925	174,667	242,043
Ambulance service	270,369	315,031	512,011	-
Total business-type activities	4,719,154	4,708,315	5,238,685	4,613,201
Total primary government	\$ 15,758,146	16,718,334	19,133,582	19,543,720
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 789,379	1,101,950	1,385,575	1,076,566
Public safety	949,910	1,315,066	1,470,906	1,661,720
Highways and public improvements	952,760	546,315	523,148	479,263
Community services	459,340	438,468	585,698	1,373,500
Community development	-	-	-	-
Operating grants and contributions	898,416	1,346,026	1,439,909	1,062,939
Capital grants and contributions	-	-	-	-
Total governmental activities	4,049,805	4,747,825	5,405,236	5,653,988
Business-type activities:				
Charges for services				
Water utility	2,250,635	2,536,500	2,471,975	2,607,700
Sewer utility	1,654,420	1,816,428	1,839,477	1,891,575
Waste collection	1,377,814	1,443,799	1,440,182	1,428,771
Storm drain	449,188	451,364	451,020	449,679
Ambulance service	388,104	440,215	492,820	-
Total business-type activities	6,120,161	6,688,306	6,695,474	6,377,725

Clearfield City Corporation

Table 2 - Changes in Net Assets

Last Four Fiscal Years

(accrual basis of accounting)

	Fiscal Years			
	2003	2004	2005	2006
Program Revenues - continued				
Total primary government	10,169,966	11,436,131	12,100,710	12,031,713
Net (expense) / revenue				
Governmental activities	(6,989,187)	(7,262,194)	(8,489,661)	(9,276,531)
Business-type activities	1,401,007	1,979,991	1,456,789	1,764,524
Total primary government	\$ (5,588,180)	(5,282,203)	(7,032,872)	(7,512,007)
General Revenue and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 3,753,082	3,902,388	4,489,184	3,326,539
General sales and use tax	2,459,386	2,800,536	2,745,620	3,080,936
Franchise tax	466,750	598,269	891,121	898,676
Energy use tax	1,476,890	1,642,523	1,752,874	2,001,987
Interest earnings	202,352	294,630	307,660	308,299
Miscellaneous	284,098	45,038	(149)	(298,386)
Transfers	(63,261)	(1,236,824)	(155,172)	1,665,654
Total governmental activities	8,579,297	8,046,560	10,031,138	10,983,705
Business-type activities:				
Interest earnings	54,243	63,587	176,429	315,367
Miscellaneous	1,215	-	12,008	(519,806)
Transfers	63,261	1,236,824	155,172	(1,665,654)
Total business-type activities	118,719	1,300,411	343,609	(1,870,093)
Total primary government	\$ 8,698,016	9,346,971	10,374,747	9,113,612
Change in Net Assets				
Governmental activities	\$ 1,590,110	784,366	1,541,477	1,707,174
Business-type activities	1,519,726	3,280,402	1,800,398	(105,569)
Total primary government	\$ 3,109,836	4,064,768	3,341,875	1,601,605

Clearfield City Corporation

Table 3 - Governmental Activities Tax Revenue by Source (1)

Last Ten Fiscal Years
(accrual basis of accounting)

General Fiscal Year	General Property Tax	RDA Tax Increment	Debt Service Property Tax	Sales and Use Tax	Energy Sales & Use Tax	Franchise Tax	Total Tax Revenue (2)
2003	\$ 2,204,668	939,679	608,735	2,459,386	1,476,890	466,750	8,156,108
2004	2,234,699	1,197,528	552,498	2,545,055	1,642,523	598,269	8,770,572
2005	2,325,678	1,320,874	593,160	2,745,620	1,752,874	891,121	9,629,327
2006	1,336,573	1,354,807	635,159	3,080,936	2,001,987	898,676	9,308,138

(1) Reclassification of some franchise taxes to energy use taxes per state statute.

(2) Figures were restated to include the RDA Tax Increment and Debt Service Property Tax revenues that were not previously recorded in Tax Revenue by Source until implementation of GASB 34 in 2003.

Clearfield City Corporation

Table 4 - Fund Balances of Governmental Funds

Last Four Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years			
	2003	2004	2005	2006
General fund				
Reserved	\$14,650,000	-	-	-
Unreserved	1,556,625	2,972,827	1,933,847	1,675,456
Total general fund	<u>16,206,625</u>	<u>2,972,827</u>	<u>1,933,847</u>	<u>1,675,456</u>
All other governmental funds				
Reserved				
Special revenue funds	211,403	401,091	9	9
Debt service funds	79,826	26,945	15,613	52,315
Capital projects funds	49,408	49,408	19,408	4,339,129
Cemetery perpetual care	88,461	99,491	107,994	119,141
Unreserved				
Special revenue funds	\$ -	-	702,776	480,267
Capital projects funds	3,861,066	11,133,677	5,299,746	1,412,262
Total all other governmental funds	<u>\$ 4,290,164</u>	<u>11,710,612</u>	<u>6,145,546</u>	<u>6,403,123</u>

Clearfield City Corporation

Table 5 - Changes in Fund Balances of Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years			
	2003	2004	2005	2006
<u>Revenues:</u>				
Taxes	\$ 8,110,293	8,857,144	9,754,063	10,507,143
Rents & other services	153,021	637,062	819,835	577,727
Intergovernmental	904,616	1,349,822	1,445,209	1,068,789
Charges for services	1,393,124	1,248,434	1,448,606	2,332,049
Impact fees	952,760	546,315	523,148	479,263
Fines and forfeitures	613,005	913,174	1,035,736	1,140,610
Interest	202,352	301,864	287,303	287,942
Miscellaneous revenue	33,279	56,814	138,002	61,400
Total revenues	12,362,450	13,910,629	15,451,902	16,454,923
<u>Expenditures:</u>				
Current:				
General government	2,895,562	3,242,854	3,714,464	4,436,855
Public safety	3,858,222	4,270,514	4,719,416	4,724,461
Highways and public works	887,931	913,066	924,292	961,903
Community services	1,508,504	1,436,295	1,788,078	2,372,712
Community development	217,899	147,426	614,422	340,805
Capital outlay	1,970,364	5,992,632	7,191,765	2,560,647
Debt service:				
Principal retirement	1,570,655	1,382,447	1,647,009	1,629,104
Interest and fiscal charges	989,886	1,337,429	1,496,126	1,252,059
Total expenditures	13,899,023	18,722,663	22,095,572	18,278,546
Excess (deficiency) revenues over (under) expenditures	(1,536,573)	(4,812,034)	(6,643,670)	(1,823,623)
<u>Other Financing Sources (Uses):</u>				
Proceeds of refunding bonds	14,775,235	-	11,790,622	150,000
Payment to refunding bonds escrows	-	-	(11,542,000)	-
Proceeds from notes payable	300,000	-	-	-
Proceeds from capital lease	-	201,500	-	-
Proceeds from sale of fixed assets	284,098	34,008	5,310	7,155
Transfers in	2,223,412	14,282,834	3,056,039	4,010,224
Transfers (out)	(2,286,673)	(15,519,658)	(3,211,210)	(2,344,570)
Total other financing sources and uses excess of revenues and other sources over (under) expenditures and other uses	15,296,072	(1,001,316)	98,761	1,822,809
Fund balances - beginning of year	6,737,290	20,496,789	14,624,302	8,079,393
Fund balances - end of year	<u>\$20,496,789</u>	<u>14,683,439</u>	<u>8,079,393</u>	<u>8,078,579</u>
Debt service as a percentage of noncapital expenditures	13.75%	11.46%	11.68%	10.65%

Clearfield City Corporation

Table 6 - Governmental Activities Tax Revenue by Source (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

General Fiscal Year	General Property Tax	RDA Tax Increment	Debt Service Property Tax	Sales and Use Tax	Energy Sales & Use Tax	Franchise Tax	Total Tax Revenue (2)
1997	1,554,482	187,295	-	2,044,038	-	1,405,718	5,191,533
1998	1,524,833	224,143	-	2,060,473	1,159,495	312,448	5,281,392
1999	1,699,847	257,263	-	2,195,986	1,122,952	339,639	5,615,687
2000	1,771,096	388,029	-	2,515,921	1,145,573	360,195	6,180,814
2001	2,221,459	535,175	463,720	2,586,307	1,415,164	395,448	7,617,273
2002	2,214,063	893,847	530,106	2,728,558	1,489,102	469,055	8,324,731
2003	2,158,853	939,679	608,735	2,459,386	1,476,890	466,750	8,110,293
2004	2,321,271	1,197,528	552,498	2,545,055	1,642,523	598,269	8,857,144
2005	2,450,414	1,320,874	593,160	2,745,620	1,752,874	891,121	9,754,063
2006	2,535,578	1,354,807	635,159	3,080,936	2,001,987	898,676	10,507,143

(1) Reclassification of some franchise taxes to energy use taxes per state statute.

(2) Figures were restated to include the RDA Tax Increment and Debt Service Property Tax revenues that were not previously recorded in Tax Revenue by Source until implementation of GASB 34 in 2003.

Clearfield City Corporation

Table 7 - Taxable and Estimated

Value of Taxable Property

Last Ten Fiscal Years

Last Ten Fiscal Years				
Fiscal Year	Taxable Value (in thousands)	Total Direct Tax Rate	Estimated Actual Value (in thousands)	Ratio of Taxable to Estimated Actual Value
1996-97	610,682	0.002259	823,832	76.1%
1997-98	674,886	0.002259	912,749	(1) 74.1%
1998-99	740,001	0.002259	997,123	73.9%
1999-00	834,709	0.002225	1,096,176	74.2%
2000-01	929,702	0.002876	1,209,777	76.1%
2001-02	942,954	0.002916	1,236,857	76.8%
2002-03	992,543	0.002916	1,306,073	76.2%
2003-04	1,044,214	0.002916	1,387,860	76.0%
2004-05	1,051,236	0.002980	1,420,205	75.2%
2005-06	961,039	0.002980	N/A	78.0%

(1) Figures corrected by Davis County Auditor's Office in 1999.

Sources: Davis County Auditor's Office
Utah State Tax Commission

Clearfield City Corporation
Table 8 - Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

Overlapping Rates

Fiscal Year	Clearfield City			Davis County School				Davis County			Total		
	Operating Rates	Service Rates	Total City Rates	Operating Rates	Debt Service Rates	Total School Rates	Operating Rates	Debt Service Rates	Total County Rates	Special Districts	Total Levy for Clearfield City		
1997	0.2259%	n/a	0.2259%	0.3157%	0.40500%	0.7207%	0.2648%	0.00000%	0.2648%	0.1242%	1.3356%		
1998	0.2259%	n/a	0.2259%	0.3294%	0.37170%	0.7011%	0.1833%	0.00000%	0.1833%	0.1246%	1.2349%		
1999	0.2225%	n/a	0.2225%	0.3438%	0.35530%	0.6991%	0.1769%	0.00000%	0.1769%	0.1261%	1.2246%		
2000	0.2259%	0.0617%	0.2876%	0.3690%	0.34540%	0.7144%	0.1710%	0.00000%	0.1710%	0.1220%	1.2950% (1)		
2001	0.2259%	0.0617%	0.2876%	0.3792%	0.34440%	0.7236%	0.1664%	0.00000%	0.1664%	0.1460%	1.3236% (1)		
2002	0.2271%	0.0645%	0.2916%	0.7600%	0.00000%	0.7600%	0.1650%	0.00000%	0.1650%	0.1448%	1.3614%		
2003	0.2271%	0.0645%	0.2916%	0.7731%	0.00000%	0.7731%	0.1786%	0.01680%	0.1954%	0.1487%	1.4088%		
2004	0.2310%	0.0659%	0.2969%	0.7821%	0.00000%	0.7821%	0.1779%	0.01690%	0.1948%	0.1486%	1.4224%		
2005	0.2321%	0.0659%	0.2980%	0.7684%	0.00000%	0.7684%	0.1746%	0.01750%	0.1921%	0.1473%	1.4058%		
2006	0.2321%	0.0659%	0.2980%	0.7305%	0.00000%	0.7305%	0.1631%	0.01080%	0.1739%	0.2830%	1.4854%		

Source: Davis County Auditor's Office

(1) Figures corrected by Davis County Auditors in 2002.

Percentages are applied to the taxable value of property as stated.

Clearfield City Corporation

Table 9 - Principal Taxpayers

	2006			1997		
	Taxable Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Value	Rank	Percentage of Total Taxable Assessed Value
Freeport Center Associates	\$ 161,595,385	1	15.37%	71,918,810	1	12.30%
Lifetime Products	44,161,350	2	4.20%			
Security Capital Industrial	24,900,000	3	2.37%	9,495,170	4	1.62%
Boyer TRW	19,369,338	4	1.84%			
Qwest	16,614,801	5	1.58%			
Honeywell International	16,112,966	6	1.53%			
Oakstone, LC	15,174,759	7	1.44%			
K & M Two	15,150,000	8	1.44%			
Wayne Belleau	12,996,370	9	1.24%			
Gardenburger	11,018,784	10	1.05%			
US West Communication				17,245,310	2	2.94%
Union pacific Railroad Company				10,236,040	3	1.75%
Americold Corporation				8,457,840	5	1.44%
Pacificorp				6,466,020	6	1.10%
Goldstone Enterprise LC				5,234,460	7	0.89%
Clearfield Land & Management				4,858,690	8	0.83%
Schumacher, Kern W & Kulmer, Morris				2,856,080	9	0.48%
Denver & Rio Grande Wester RR Co.				2,605,810	10	0.44%
	<u>\$ 337,093,753</u>			<u>139,374,230</u>		

Sources: Davis County Assessor's Office
Davis County Auditor's Office

Clearfield City Corporation

Table 10 - Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections To Date	
		Fiscal Year of the Levy	Percent of Levy		Amount	Percent of Levy
1996-97	1,300,894	1,280,805	98.50	35,692	1,316,497	101.20
1997-98	1,342,724	1,288,610	96.00	32,104	1,320,714	98.40
1998-99	1,478,926	1,410,703	95.40	64,084	1,474,787	99.70
1999-00	1,577,893	1,496,096	94.82	45,338	1,541,434	97.69
2000-01	2,287,107	2,123,894	92.86	35,184	2,159,078	94.40
2001-02	2,484,633	2,332,269	93.90	85,014	2,417,283	97.29
2002-03	2,539,579	2,390,407	94.13	52,144	2,442,551	96.18
2003-04	2,646,384	2,459,772	92.95	105,624	2,565,396	96.94
2004-05	2,823,641	2,621,438	92.80	160,090	2,781,528	98.51
2005-06	2,845,492	2,669,424	93.80	158,772	3,112,640	109.39

Source: Davis County Auditor's Office

Clearfield City Corporation

Table 11 - Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General		Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases				
	Obligation Bonds										
1996-97	\$	-	575,000	233,543	572,984	3,839,936	-	5,221,463	0.11%	232.48	
1997-98		15,000,000	2,681,000	251,571	1,233,784	1,401,020	-	20,567,375	0.39%	840.75	
1998-99		15,000,000	1,244,775	433,235	585,864	1,083,225	504,115	18,851,214	0.34%	736.92	
1999-00		14,585,000	3,484,000	437,451	2,019,676	888,415	538,234	21,952,776	0.36%	845.18	
2000-01		14,160,000	3,627,775	601,142	356,296	709,225	652,688	20,107,126	0.32%	774.48	
2001-02		13,725,000	3,978,000	513,137	996,913	554,358	465,221	20,232,629	0.31%	766.74	
2002-03		13,205,000	18,062,000	746,063	622,491	161,442	267,964	33,064,960	0.48%	1,218.04	
2003-04		12,655,000	17,664,000	689,434	477,311	-	124,934	31,610,679	0.44%	1,155.78	
2004-05		12,405,000	17,036,000	559,443	229,743	-	55,347	30,285,533	N/A	1,101.29	
2005-06		11,750,000	16,190,000	670,132	148,261	-	-	28,758,393	N/A	1,035.41	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See table 15 for personal income and population data.

Clearfield City Corporation
Table 12 - Ratio of Net General Bonded Debt
And Net General Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Estimated Population	Assessed Value (in thousands)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1997-98 (1)	\$						
1999	25,581	740,001	15,000,000	-	-	0.00%	-
2000	25,974	834,709	14,585,000	-	15,000,000	2.03%	586.37
2001	25,962	929,702	14,160,000	-	14,585,000	1.75%	561.52
2002	26,388	942,954	13,725,000	1,182	14,160,000	1.52%	545.41
2003	27,146	992,543	13,205,000	79,826	13,723,818	1.46%	520.08
2004	27,350	1,044,214	12,655,000	26,945	13,125,774	1.32%	483.53
2005	27,500	1,051,236	12,405,000	15,613	12,628,055	1.21%	461.72
2006	27,775	961,039	11,750,000	52,315	12,389,387	1.18%	450.52
					11,697,685	1.22%	421.16

(1) The City had no bonded debt.

Clearfield City Corporation

Table 13 - Direct and Overlapping Governmental Activities Debt

<u>Name of Governmental Unit</u>	<u>Net Outstanding Debt (1)</u>	<u>Percent Applicable to Clearfield</u>	<u>Amount Applicable to Clearfield</u>
State of Utah	\$ 1,377,390,000	0.80%	11,019,120
Davis County School District	243,305,000	10.00%	24,330,500
Davis County	26,535,000	10.00%	2,653,500
Weber Basin Water Conservancy District	35,212,376	3.90%	1,373,283
North Davis County Sewer District	60,597,000	18.10%	10,968,057
Total overlapping debt			50,344,460
Clearfield City - direct	11,750,000	100.00%	11,750,000
Total direct and overlapping	<u>\$ 1,754,789,376</u>		<u>62,094,460</u>

1) Source: Davis County Auditor's Office.

Includes general bonded debt only.

Clearfield City Corporation
Table 14 - Legal Debt Margin Information
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	30,468,168	37,124,720	36,509,960	39,884,920	43,847,040	48,391,080	49,474,280	52,242,920	55,514,397	56,808,200
Total net debt applicable to limit	-	15,000,000	15,000,000	14,585,000	14,160,000	13,725,000	13,205,000	12,655,000	12,405,000	11,750,000
Legal debt margin	30,468,168	22,124,720	21,509,960	25,299,920	29,687,040	34,666,080	36,269,280	39,587,920	43,109,397	45,058,200
Total net debt applicable to the limit as a percentage of debt limit	0.00%	40.40%	41.08%	36.57%	32.29%	28.36%	26.69%	24.22%	22.35%	20.68%

Legal Debt Margin Calculation for Fiscal Year 2006

Total Assessed Actual Value	\$ 1,420,205,000
Debt limit - 4% of total actual value	56,808,200
Total amount of debt applicable to debt limit	(11,750,000)

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 4% of total assessed property value.

Legal debt margin \$ 45,058,200

Clearfield City Corporation

Table 15 - Revenue Bond Coverage

Last Ten Fiscal Years

Water Revenue Bonds

Fiscal Year	Revenue	Operating Transfers	Expenses Net of Interest	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
1997	3,529,292	(377,100)	2,998,159	154,033	155,162	74,150	229,312	0.67
1998	3,637,435	50,000	3,198,515	488,920	163,915	77,313	241,228	2.03
1999	3,884,419	-	3,383,512	500,907	331,690	74,416	406,106	1.23
2000	4,157,494	(109,798)	3,623,560	424,136	183,000	49,691	232,691	1.82
2001	4,919,914	(74,371)	3,811,360	1,034,183	191,000	57,100	248,100	4.17
2002	5,242,597	(925,186)	4,102,179	215,232	145,141	39,345	184,486	1.17
2003	5,717,935	63,261	4,448,785	1,332,411	395,000	19,475	414,475	3.21
2004	6,230,790	1,236,824	3,896,269	3,571,345	167,000	9,886	176,886	20.19
2005	6,369,380	155,172	4,726,674	1,797,878	-	-	-	N/A
2006	6,668,146	(1,665,654)	4,610,998	391,494	-	-	-	N/A

Clearfield City Corporation
Table 16 - Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (Amounts Expressed In Thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1997	22,460	\$ 4,856,899	\$ 21,599	22.7	2,806	3.4
1998	24,463	5,230,825	22,650	22.7	4,760	4
1999	25,581	5,521,540	23,405	22.7	5,856	3.8
2000	25,974	6,023,527	25,064	22.7	5,630	3.6
2001	25,962	6,276,070	25,430	22.7	5,470	4.5
2002	26,388	6,529,544	25,947	24.0	6,088	5.6
2003	27,146	6,838,649	26,943	24.0	5,560	5.7
2004	27,350	7,161,800	27,418	24.0	6,005	5.1
2005	27,500	-	28,081	24.0	5,948	4.5
2006	27,775	-	-	24.0	6,070	3.1

Data Sources:

Population: Davis County Department of Community & Economic Development

Personal Income: US Bureau of Economic Analysis

Per Capita Personal Income: US Bureau of Economic Analysis

Median Age: Estimated based on 2000 United States Census Information

School Enrollment: Davis County School District

Unemployment Rate: US Department of Labor, Local Area Unemployment Statistics

Note: Personal income information and per capital information are totals for the year and based on totals for Davis County in its entirety. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Clearfield City Corporation

Table 17 - Principal Employers
Current Year and Nine Years Ago

	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Department of Defense	19,300	1	58.00%	Unavailable		
Lifetime Products	1,750	2	0.05%	Unavailable		
L-3 Communications	1,500	3	0.04%	Unavailable		
Utility Trailer Mfg.	1,160	4	0.30%	Unavailable		
ATK Thiokol	723	5	0.02%	Unavailable		
Northrup Grumman	690	6	0.02%	Unavailable		
ICON Health & Fitness	580	7	0.20%	Unavailable		
Davis School District	430	8	0.10%	Unavailable		
Job Corp.	424	9	0.12%	Unavailable		
DFG, Inc. (Manufacturing)	251	10	0.00%	Unavailable		

Source: [www.jobs.utah.gov/jobseekers-firmfind-largest-companies-davis-county-download Clearfield City Business License Division](http://www.jobs.utah.gov/jobseekers-firmfind-largest-companies-davis-county-download-clearfield-city-business-license-division) - Total Employees claimed on business licenses & top employers. Note: Business License report does not include exempt agencies and employees Department of Defense: <http://greaterogden.home.att.net/hillafb.html>

Clearfield City Corporation
Table 18 - Full-time Equivalent City Government Employees By Function
Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Judicial	3	3	1	2	2	2	2	2	2	3
Legal	2	2	2	2	2	2	2	2	2	2
Executive	5	3	3	6	5	5	5	4	4	4
Finance	4	4	4	3	3	5	5	5	5	5
Buildings & Plants	-	-	-	-	-	-	-	-	2	2
Planning & Zoning	1	1	1	1	1	1	1	2	2	2
Human Resources	1	1	2	2	2	2	2	2	2	2
Information Technology	-	-	-	1	1	1	1	1	1	1
Administration	-	4	3	-	-	-	-	-	-	-
Public Safety										
Police Administration	-	-	-	-	-	-	-	-	8	8
Patrol & Investigations	32	32	32	30	36	32	35	35	28	26
Liquor	-	-	-	-	-	-	-	-	1	1
Dispatch/Emergency Services	10	9	9	8	8	10	9	9	9	9
Firefighters & Officers	9	8	8	5	5	5	10	14	-	-
Public Works										
Public Works Administration	-	-	-	-	-	-	-	-	3	2
Shops	3	3	3	4	4	4	4	4	3	4
Roadways	3	4	3	5	4	4	4	4	2	2
Inspection & Engineering	5	7	6	6	7	7	7	7	3	3
Parks & Recreation										
Administration	2	2	2	2	2	2	2	2	2	2
Parks	7	7	7	6	6	7	7	7	6	6
Recreation	2	2	2	2	2	2	2	2	2	2
Aquatic Center	2	2	2	3	3	3	3	3	7	7
Community & Economic Development										
Community & Economic Development Administration	-	-	-	1	1	1	1	1	1	1
CDBG	-	-	-	1	1	1	1	1	1	1
Enterprise Fund										
Utility Administration	5	2	4	4	4	4	4	4	4	4
Water	7	7	7	6	6	6	6	4	5	5
Sewer	4	6	5	2	2	2	2	2	3	3
Storm Sewer	-	-	-	-	-	-	-	-	1	1
Total Employees	107	109	106	102	107	108	115	117	109	108

Clearfield City Corporation

Table 19 - Operating Indicators by Function

Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Incidents	13,794	12,828	11,960	12,320	12,781	12,475	12,596	13,184	15,647	10,297
Parking violations	-	-	-	-	-	141	146	153	68	261
Youth court cases	-	-	6	95	28	38	41	30	26	11
Traffic violations	-	-	-	-	-	3,135	3,915	5,840	7,977	9,049
Highways and streets	-	-	-	-	-	-	-	-	-	-
Street resurfacing	-	-	-	-	-	-	-	-	-	1.43
Recreation										
Units of service	89,378	89,000	75,000	74,873	73,529	87,614	100,493	92,091	91,928	84,499
Aquatic center admissions	-	-	-	-	-	-	-	-	88,143	66,374
Public works										
Building permits issued	432	412	313	303	316	538	551	373	308	324
Water										
New connections	271	756	240	185	172	265	262	116	101	72
Water main breaks	25	63	52	54	60	57	79	67	57	70
Utility customers	4,789	4,996	5,280	5,342	5,450	5,646	6,109	6,196	6,304	6,366
Average daily consumption										
Commercial	1,436,750	1,394,640	1,478,369	7,212,361	4,017,334	4,699,901	3,753,297	6,894,560	5,102,230	5,466,597
Residential	2,767,250	2,605,855	2,968,693	2,790,416	3,462,334	2,415,261	2,331,026	2,587,577	2,213,047	2,646,052

Clearfield City Corporation

Table 20 - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	0
Highways and streets										
Streets (miles)	62.8	65.62	66.19	68.49	70.58	100	75	75	76.5	77.1
Streetlights	482	472	404	638	663	698	760	772	758	758
Recreation										
Parks acreage	-	-	-	-	-	-	-	-	-	81.456
Parks	12	10	9	10	10	10	11	10	11	12
Soccer fields	7	2	2	2	2	2	3	3	2	3
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	5	5
Skate parks	-	-	-	-	-	-	-	-	-	1
Boweries	3	3	3	3	3	3	4	4	4	5
Softball/baseball diamonds	14	9	9	9	9	9	11	11	8	10
Community centers	-	-	-	-	-	1	1	1	1	1
Water										
Water mains (miles)	99.88	95.45	96.04	99.59	101.05	101.05	104.25	117.54	117.54	119.58
Fire hydrants	639	693	717	775	818	840	863	885	891	899
Sewer										
Sanitary sewers (miles)	69.85	70.47	70.92	74.62	77.43	80	80.17	82	82	52.6
Storm sewers (miles)	37.83	40.51	41.93	44.8	48.59	50	50.35	51.88	52	52.79

OTHER REPORTS

Ulrich & Associates, PC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor & Members of the City Council
Clearfield City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clearfield City as of and for the year ended June 30, 2006, which collectively comprise the Clearfield City's basic financial statements and have issued our report thereon dated November 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clearfield City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clearfield City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members of Utah Association of CPAs / American Institute of CPAs

Charles E. Ulrich, CPA | Michael E. Ulrich, CPA
Cathie Hurst, CPA | Heather Christopherson, CPA
website/ www.ulrichcpa.com

4991 South Harrison | Ogden, Utah 84403
Tel| 801.627.2100 | Fax| 801.475.6548
email| ulrich@ulrichcpa.com

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Clearfield City in a separate letter dated November 3, 2006.

This report is intended solely for the information and use of the City Council, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Ulrich & Associates, P.C.

November 3, 2006

Ulrich & Associates, PC

Certified Public Accountants

STATE LEGAL COMPLIANCE REPORT

Honorable Mayor and Members of City Council
Clearfield City
Clearfield City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clearfield City, Utah, for the year ended June 30, 2006, and have issued our report thereon dated November 3, 2006. As part of our audit, we have audited Clearfield City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major assistance programs from the State of Utah:

Class "C" Road Allotment
Liquor Law Enforcement

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of Clearfield City's financial statements).

Arts Council (Department of Community & Culture)
EMS Grants (Department of Health)

Our audit also included test work on the City's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt	Justice Court Compliance
Cash Management	B & C Road Funds
Purchasing Requirements	Other Compliance Requirements
Budgetary Compliance	Uniform Building Code Standards
Truth in Taxation & Property Tax Limitation	Impact Fees and Other Development Fees
Liquor Law Enforcement	Asset Forfeitures

Members of Utah Association of CPAs | American Institute of CPAs

Charles E. Ulrich, CPA | Michael E. Ulrich, CPA
Cathie Hurst, CPA | Heather Christopherson, CPA
website/ www.ulrichcpa.com

4991 South Harrison | Ogden, Utah 84403
Tel/ 801.627.2100 | Fax/ 801.475.6548
email/ ulrich@ulrichcpa.com

The management of Clearfield City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Clearfield City, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed, eligibility, matching, level of effort or earmarking, reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Ulrich & Associates, P.C.

November 3, 2006

Clearfield City Corporation
State Legal Compliance - Schedule of Findings
For the Year Ended June 30, 2006

1 Budgetary Compliance

Expenditures in excess of approved budget amounts was noted in the Justice Court Department of the General Fund.

Management Response - Management will work with program directors and the auditors to develop the proper understanding of the budget process in order to address this problem. We anticipate this will involve training and review of the budget process.

2 Truth in Taxation and Property Tax Limitations

Amounts reported on the TC-693 for Budgeted Property Tax Revenue do not equal the Original Approved Budget as required for the debt service fund. Amount over budgeted is \$68,265.

Management Response - Information from the County regarding property taxes has not always been available at the time the budget is adopted. Management will work to bring the budgeted revenues in agreement with the amounts on the TC-693.

Ulrich & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council

Clearfield City Corporation
Clearfield, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clearfield City Corporation as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Clearfield City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clearfield City Corporation as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2006 on our consideration of Clearfield City Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Members of Utah Association of CPAs | American Institute of CPAs

Charles E. Ulrich, CPA | Michael E. Ulrich, CPA
Cathie Hurst, CPA | Heather Christopherson, CPA
website/ www.ulrichcpa.com

4991 South Harrison | Ogden, Utah 84403
Tel/ 801.627.2100 | Fax/ 801.475.6548
email/ ulrich@ulrichcpa.com